









THE  
**LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume II

*(22nd February to 14th March, 1927)*

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**FIRST SESSION**

OF THE

**THIRD LEGISLATIVE ASSEMBLY, 1927**



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1927



# **Legislative Assembly.**

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## ***Deputy President :***

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MR. JAMNADAS M. MEHTA, M.L.A.

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MR. C. DURAISWAMY AIYANGAR, M.L.A.



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## ERRATA.

In L. A. Debates, Vol. IX, No. 17, page 801, line 2, insert the word "not" after the word "has", and on page 867, line 23, *for* the words "not to rise if the Chair wants to accept closure" *read* "not to rise if he wants the Chair to accept closure."



# LEGISLATIVE ASSEMBLY.

*Tuesday, 22nd February, 1927.*

-----  
The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## MEMBERS SWORN.

U. Khin Maung, M.I. A. (Burma: Non-European); and  
Sir Clement Daniel Maggs Hindley, Kt., M.I.A. (Chief Commissioner for Railways).

## QUESTIONS AND ANSWERS.

### CLASSIFICATION OF TELEGRAPH PEONS AS MENIALS.

550. \***Mr. Chaman Lall:** Will Government state:

- (1) whether telegraph peons are classed as menials,
- (2) whether their duties are not of a similar nature to those of postmen,
- (3) what reason there is for not treating the service of telegraph peons as "superior"?

**The Honourable Sir Bhupendra Nath Mitra:** (1) Yes.

(2) No.

(3) The Government do not demand the same educational qualifications for telegraph peons as for postmen nor are the duties and responsibilities identical in both cases.

**Mr. Chaman Lall:** Are the Government aware, Sir, that the duties of telegraph peons are much more arduous than those of postmen?

**The Honourable Sir Bhupendra Nath Mitra:** That, Sir, is a question of opinion and I have already expressed the Government's opinion on the point.

**Mr. Chaman Lall:** Are Government aware that telegraph peons have to deliver telegrams late at night often and in all sorts of weather?

**The Honourable Sir Bhupendra Nath Mitra:** The opinion of Government has been arrived at after full consideration of all the circumstances

**Mr. Chaman Lall:** May I ask the Honourable Member whether it is not a fact that telegraph peons have to perform arduous work at night time and in all sorts of weather?

**Mr. President:** The Honourable Member has already replied to the question.

**AMOUNT OF HOUSE RENT GRANTED TO TELEGRAPH PEONS WHERE NO  
QUARTERS ARE PROVIDED.**

551. **\*Mr. Chaman Lall:** (1) Will Government state the amount of house-rent granted to telegraph peons where no quarters are provided for them?

(2) Will Government state whether this amount has any relation to the high rents prevailing in important urban areas?

(3) Will Government state whether the quarters provided are complained of as being inadequate for the needs of a telegraph peon and his family?

**The Honourable Sir Bhupendra Nath Mitra:** (1) The amount of house rent allowance per month varies between Re. 1 and Rs. 8-8 according to local conditions.

(2) Yes.

(3) Government have no information of any such complaints.

**MINIMUM PAY OF TELEGRAPH PEONS.**

552. **\*Mr. Chaman Lall:** (1) Will Government state the present minimum pay given to telegraph peons apart from extra earnings?

(2) Will Government state, whether it has any intention of fixing, instead of the present rates, a minimum of rupees thirty-five to start with rising to rupees forty-five with an annual increment of rupee one per annum?

**The Honourable Sir Bhupendra Nath Mitra:** (1) The Honourable Member probably refers to task work peons who are not on fixed rates of pay. Their subsistence allowance, apart from extra earnings, varies between Rs. 8 and Rs. 12 according to locality.

(2) No.

**CYCLE ALLOWANCE OF TELEGRAPH PEONS.**

553. **\*Mr. Chaman Lall:** Will Government state:

(1) what the amount allowed as the cycle allowance to telegraph peons is?

(2) whether Government are prepared to consider the question whether the amount of rupees eight per mensem is not nearer the amount necessary for expenses and depreciation?

**The Honourable Sir Bhupendra Nath Mitra:** (1) No cycle allowance is paid to telegraph peons.

(2) Does not arise.

**REDUCTION OF THE ALLOWANCE PER MESSAGE PAID TO TELEGRAPH  
PEONS.**

554. **\*Mr. Chaman Lall:** Will Government state:

(1) whether there are stations which used to pay pias 12 per message to telegraph peons?

(2) whether the Government have reduced this allowance?

**The Honourable Sir Bhupendra Nath Mitra:** The information is being collected and the Honourable Member will be furnished with it in due course.

**DELIVERY BY TELEGRAPH PEONS OF MESSAGES BEYOND A FIVE-MILE RADIUS.**

555. **\*Mr. Chaman Lall:** Are Government aware that sometimes messages have to be delivered by telegraph peons to places up to and beyond five miles? If so, have Government considered the advisability of paying annas four per hour for the delivery of such messages by telegraph peons?

**The Honourable Sir Bhupendra Nath Mitra:** Messages are not required to be delivered by telegraph peons beyond a five-mile radius. For delivery within five miles of a telegraph office, the telegraph peons employed on the task work system are paid a certain amount for each message delivered. The rate of payment varies according to stations, and peons serving under these conditions get, in addition, a monthly subsistence allowance. Government do not consider it necessary to fix the rate on an hourly basis.

**ELIGIBILITY OF TELEGRAPH PEONS FOR GRATUITIES AND PENSIONS.**

556. **\*Mr. Chaman Lall:** Will Government state the reason for counting the period of service of telegraph peons at 32 years instead of 20 years?

**The Honourable Sir Bhupendra Nath Mitra:** Like all other inferior servants the telegraph peons become eligible to gratuity after a service of 5 years and to pension after a service of 30 years. I do not understand the Honourable Member's reference to 20 years and 32 years.

**PROVIDENT FUND FOR TELEGRAPH PEONS.**

557. **\*Mr. Chaman Lall:** Will Government state if they have instituted a provident fund for telegraph peons?

**The Honourable Sir Bhupendra Nath Mitra:** No such fund has been instituted.

**Mr. Chaman Lall:** Will the Government consider the advisability of instituting a fund of that nature?

**The Honourable Sir Bhupendra Nath Mitra:** I believe the whole question is under consideration of my Honourable colleague, the Finance Member.

**AMOUNT OF PENSION PAID TO TELEGRAPH PEONS AFTER 32 YEARS' SERVICE.**

558. **\*Mr. Chaman Lall:** Will Government state the amount of pension paid to telegraph peons after 32 years' service?

**The Honourable Sir Bhupendra Nath Mitra:** Rs. 6 per month.

**Mr. Chaman Lall:** Does the Honourable Member, Sir, consider that to be a sufficient amount in the way of pension?

**The Honourable Sir Bhupendra Nath Mitra:** That, Sir, again is a question of opinion.

**AMOUNT OF PENSION PAID TO THE DIRECTOR GENERAL OF POSTS AND  
TELEGRAPHS ON RETIREMENT AFTER FULL SERVICE.**

**559. \*Mr. Ohaman Lall:** Will Government state the amount of pension paid to the Director General of Posts and Telegraphs on retirement after full service?

**The Honourable Sir Bhupendra Nath Mitra:** (i) If a member of the I.C.S., Rs. 10,666-10-8 per annum, subject to a minimum of £1,000, if drawn in England.

(ii) If a member of any other service—a pension not exceeding Rs. 9,500 per annum convertible at a minimum rate of 1s. 9d. per rupee if drawn in England may be granted, the precise amount depending on the circumstances of the particular case.

**Sir Hari Singh Gour:** May I beg to inquire since what date this pension is convertible at the rate of 1s. 9d. to the rupee?

**The Honourable Sir Bhupendra Nath Mitra:** I cannot state the precise date, Sir, but I should say for the best part of half a century.

**Sir Hari Singh Gour:** May I inquire whether in view of the fluctuations in exchange any change has been made in the convertibility of pensions?

**The Honourable Sir Bhupendra Nath Mitra:** Not in recent years, Sir.

**Sir Hari Singh Gour:** May I beg to inquire whether the pension is not payable in rupees?

**The Honourable Sir Bhupendra Nath Mitra:** The pension is payable in rupees in India; it is payable in England in sterling at a fixed rate of exchange.

**Sir Hari Singh Gour:** May I beg to inquire if this is part of the contract entered into by the incumbents of this office?

**The Honourable Sir Bhupendra Nath Mitra:** That is one of the rules contained in the Civil Service Regulations, Sir.

**Mr. Ohaman Lall:** May I ask the Honourable Member whether he would consider the advisability of paying the Director General only Rs. 6 a month as pension.

**The Honourable Sir Bhupendra Nath Mitra:** That question does not arise.

**Mr. President:** Order, order. It is not for the Honourable Member to say that the question does not arise; he must submit his objection to the Chair for its orders.

**The Honourable Sir Bhupendra Nath Mitra:** I do not propose to answer it.

**Sir Hari Singh Gour:** May I beg to inquire if the Government will see that in all future contracts a clause is inserted that the pension shall be payable in rupees and not convertible at a high rate of exchange such as 1s. 9d.?

**The Honourable Sir Bhupendra Nath Mitra:** The Honourable Member's question, Sir, is I submit one for action and not for information.

**Mr. Ohaman Lall:** When do Government intend to take action in this matter?



**The Honourable Sir Bhupendra Nath Mitra:** I do not quite understand what matter the Honourable Member is referring to.

**Sir Hari Singh Gour:** May I beg to inquire whether any question is out of order because it seeks to elicit certain information as to the future conduct of Government?

**Mr. President:** That stage is passed.

**Mr. Chaman Lall:** May I ask, Sir, if the Honourable Member intend to take action in regard to the suggestion made by my Honourable friend?

**The Honourable Sir Basil Blackett:** This seems to be a question applying generally to all the employees of Government and not merely to the Post Office; the answer is that they do not intend to take action.

CLOTHING SUPPLIED TO TELEGRAPH PEONS.

560. **\*Mr. Chaman Lall:** Will Government state what clothing and of what quality is supplied to telegraph peons?

**The Honourable Sir Bhupendra Nath Mitra:** A list showing articles of clothing supplied to telegraph peons and their quality is laid on the table.

Besides the clothing mentioned in the list, telegraph delivery peons are supplied with waterproof capes and caps biennially in places where the rainfall is heavy.

*Statement showing the schedule of each item of clothing and the period of wear.*

Material.	Item and supply.	Period of wear.	Item and supply.	Period of wear.	REMARKS.
<i>Cotton.</i>					
Khaki drill	1 Coat (a)	12 months	2 coats	18 months	(a) 18 months if a woollen suit is also provided.
Do.	1 Knicker (a).	Do.	2 Knickers	Do.	
Khaki Pugree cloth	1 Pugree	Do.	2 Pugrees	Do.	
Khaki Puttee	1 Puttee (b)	Do.	...	...	(b) 18 months if woollen puttees are also provided.
Blue Drill	1 Jumper	Do.	2 Jumpers	Do.	
Red and Blue Pugree cloth.	1 Pugree	Do.	...	...	
Green drill	1 Jumper	Do.	2 Jumpers	Do.	
Bleached drill	1 Chapkan	Do.	2 Chapkans	Do.	
Kullahs	1 Kullah	Do.	...	...	
<i>Woollen.</i>					
Khaki serge	1 Coat	24 months (c).	...	...	(c) Unless 12 months has been specially sanctioned.
Do.	1 Knicker	Do.	...	...	
Do	Puttees	Do.	...	...	
Blue serge	1 Jumper	Do.	...	...	
Do.	1 Knicker	Do.	...	...	
Blue serge Puttee.	1 Puttee	Do.	...	...	
Jerseys or Jackets	1 Jersey or Jacket.	Do.	...	...	

**Mr. Chaman Lall:** Will the Government consider the advisability of supplying waterproof capes every year and throughout India?

**The Honourable Sir Bhupendra Nath Mitra:** The matter will receive consideration.

**Mr. Chaman Lall:** Is the Honourable Member aware that there is a great deal of discontent amongst telegraph peons over their not receiving their uniforms regularly?

**The Honourable Sir Bhupendra Nath Mitra:** I have no information on that point, Sir, at the present moment.

#### ALLOWANCES TO TELEGRAPH PEONS DURING SICKNESS.

561. **\*Mr. Chaman Lall:** Will Government state what amount is paid, during sickness, to telegraph peons?

**The Honourable Sir Bhupendra Nath Mitra:** While on leave on medical certificate task work telegraph peons get ordinary subsistence allowance, which varies between Rs. 8 and Rs. 12 per mensem, and fixed pay telegraph peons get absentee allowance under article 147 (iii) of the Civil Service Regulations.

#### PAYMENTS TO TELEGRAPH PEONS FOR THE DELIVERY OF TELEGRAMS.

562. **\*Mr. Chaman Lall:** Will Government state whether there are messages which the telegraph peons are not paid for?

**\*The Honourable Sir Bhupendra Nath Mitra:** There are no telegrams for the delivery of which task work peons are not paid.

#### DELIVERY OF "C. Q." TELEGRAMS BY TELEGRAPH PEONS.

563. **\*Mr. Chaman Lall:** Will Government state why Delivery Telegrams Service C. Q. are not given to telegraph peons for delivery?

**The Honourable Sir Bhupendra Nath Mitra:** The question is not understood. No telegrams in India are classed "C. Q."

#### PROMOTION OF POSTMEN TO THE RANK OF ASSISTANT POSTMASTERS.

564. **\*Mr. Chaman Lall:** Will Government state whether postmen can rise to the position of Assistant Postmasters, and if so, what are the posts to which Telegraph peons can rise?

**The Honourable Sir Bhupendra Nath Mitra:** Postmen can rise to the position of Assistant Postmasters if they have rendered the necessary approved service, have passed the prescribed test and possess the requisite qualifications. Telegraph peons can rise to Class III of the clerical cadre of Telegraph Offices if they possess the requisite educational and other qualifications.

**Mr. T. C. Goswami:** Sir, with your permission, I do not propose to put questions Nos. 565 to 571 standing in my name as substantially the same questions were asked by Mr. Chaman Lall and answers were elicited.

## GENERAL DISCUSSION OF THE RAILWAY BUDGET.

**Mr. President:** The House will now take up the General Discussion of the Railway Budget.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, the Budget which we are discussing to-day is one which has various aspects of very great importance to the country. I do not propose to spend a long time in preliminary remarks, but will go on at once to the two speeches of the Honourable the Commerce Member and that of the Honourable the Chief Commissioner for Railways which he delivered in the other House.

I would like to congratulate the Railway Department and the Honourable the Commerce Member on the decision of the Railway Department to give us this year a programme which may be called an Agricultural Railway Programme. That after the Railways having been in existence for the best part of three quarters of a century the Railway Department should even now turn to a programme of extension of railways which will serve the needs of the agricultural population of India is something which may be noted with satisfaction. I feel that, whether the receipts under this extension are small or adequate during the first few years, in the long run, if this programme is persisted in on the modest lines on which alone it can pay, it will pay itself several times over not only to the Railway Department but also as far as the agricultural prosperity of the country at large is concerned.

There are several important items touched upon in the two speeches referred to by me. For instance, there is some very startling but very welcome information regarding discoveries of the Railway Board in connection with standardization, bridge design, locomotives and their surplus number, the more economical use of wagons and their surplus number, and workshop reorganization. I greatly appreciate, Sir, the frankness with which the Railway Department have taken us into their confidence under each one of those heads. I wish to repeat my appreciation, Sir, of their boldness in not keeping such information behind the usual "purdah" behind which similar discoveries till now successfully used to be concealed. But, Sir, one cannot help being struck whether this may not be called locking the door after the steed has flown. We are told, Sir, that as far as the wagons alone are concerned, there is a surplus of very nearly 80,000 wagons costing about 15 crores of rupees. I also understand, Sir, that, as far as locomotives are concerned, there is surplus of a considerable number of them. Unfortunately, I have not been able to get even an approximate figure. When the War was over, we had an enormous quantity of surplus stores. As to how these stores were disposed of, there is some very, almost equally startling information in the Raven Committee Report. That Committee say frankly that in the North Western Railway at least, the stores which were disposed of under the campaign of disposal of surplus stores, were almost strewn about either in the workshop or even in the streets. I feel tempted to ask whether the Railway Board do not think the tax-payer of India has lost enough money in depreciation of prices after 1918 to tolerate in addition to that loss a system of complete disappearance of the stores to be disposed of as surplus. We are now told of a discovery that we have surpluses under wagons and locomotives. As to the expense incurred by the tax-payer not only in the purchase of these at rates when money could be borrowed only at rates dearer than to-day and therefore the consequent high rate of interest, but also the expense incurred in looking after and housing the

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various articles and for their general maintenance, the figure may perhaps run into the best part of a crore per year. I feel, therefore, Sir, that as far as the tax-payer is concerned, whilst he may congratulate himself that the Railway Board have made some useful discoveries even now, he cannot help sighing that these should have been made only in the year of grace 1926, that is at least 50 years after the railways can be said to have been well established here. I do not wish to minimise the credit due to the present personnel of the Railway Board for their thought of looking into this matter at all. But, Sir, the enormous loss suffered by the tax-payer all these years cannot of course be overlooked. May I ask, Sir, whether the Honourable the Commerce Member does not remember his speech in which he asked the Assembly about the year 1921, I think it was, for 150 crores to be spent in five years for arrears of maintenance and renewals. He will probably remember that when he made that speech he spoke with immense confidence of the necessity of this amount being spent and of his conviction that unless these amounts were spent the Railways of India would suffer terribly in the little efficiency they then had. May I ask him whether, if these remarks are read to-day, they may not justifiably make us on this side of the House feel suspicious of any statement which may be made as to what is the correct requirement of the Railways of India? I do not wish to labour this point, Sir. I am only trying to put before the House an obvious lesson which may be drawn from this exposure of the want of management of certain departments of the Railway Board in India.

As far as compensation for claims is concerned, this has gone down materially. That is satisfactory. But I would suggest that when we are given figures of the amount of compensation paid, we may also be given the total number of claims lodged and also the number of claims entertained. My point is this. There is still a fear lurking in the minds of many that in claims for either losses or shortage during transit, a large number at any rate of those from the ordinary middle class shopkeepers, are treated very lightly, and that only the more influential section have their claims attended to either in time or adequately. I would suggest that in this matter a leaf may be taken out of the system introduced by the Bombay, Baroda and Central India Railway. The Agent of this Railway submits to the Local Advisory Committee, either monthly or every three months, I forget which, a statement of the total number of claims and the total amount of same lodged, stating at the same time figures of the number of claims met and the amount paid.

Sir, I should very much like to discuss a few more of such items relating solely and specially to Railways and for which this discussion is intended particularly. But I must pass on, Sir, to the question of the result of the working of Indian Railways, a question which brings up the question of the ratio which, to my mind, Sir, unjustifiably and very unnaturally, has been kept hanging in the fire until the two Budgets are submitted to the House this year. The result of the working of Indian Railways, Sir, as far as the current year and the budget figures for the next year are concerned, seem very unmistakably to bear marks of the disastrous effects of the currency policy that has been followed since October, 1924. Sir Charles Innes in paragraph 6 of his Memorandum says that it seems to him a serious matter that he should have to cut rupees  $4\frac{1}{2}$  crores off the budget estimates of gross receipts, but railway earnings, he says, "depend so largely on factors outside railways, or rather I should say human control

that we can never be sure of our budget estimates of gross receipts not being falsified." Besides railway factors, the one thing which really looms large in the whole tale of the falling off of receipts in the current year and of the very modest outlook for the next year, the question of the way in which the ratio has been artificially maintained during these periods stands out quite unmistakably. I have in that connection, Sir, very carefully perused Mr. Parsons, the Financial Commissioner's special Memorandum. Mr. Parsons, Sir, if I may say so, has tried to put in the Memorandum all the various aspects which can possibly be named either as immediate or remote, extending over a period of either 5, 10, or perhaps more years, as likely to be affected by the correct ratio of 1s. 4d. being put on the Statute instead of the artificial and propped-up ratio of 1s. 6d. which is sought to be substituted. I see that in the very first paragraph he proposes to ignore for the moment the possible effect of such an alteration of the ratio on the volume of goods and passenger traffic. I will, therefore, Sir, deal with that at a little later stage. He passes on in paragraph 2, Sir, to tell us the effect on Indian Railways financially, in so far as sterling expenditure is concerned, and in number 2 (a) he refers to rupees 74 lakhs more which would be required to meet our sterling interest charges. Nobody could possibly differ with him there. In (b) he refers to the interest charges on sterling expenditure on stores for capital account and while the figure that he names is rupees 20 lakhs he overlooks the fact that this increase could come on only at the end of the quinquennial period of five years. Now, there are several other similar increases that he has included in his Memorandum which can accrue only after a period of three, four or five years. I do not know, Sir—it would be more perhaps for the Finance Member to say than anybody else—as to how long it takes for a ratio to completely adjust itself, but it would strike one that, if the Finance Member to-day maintains—although I do not agree with him—that the 1s. 6d. ratio has adjusted itself completely or approximately completely within a period of less than two years, I fail to see how my Honourable friend, the Financial Commissioner for Railways, is justified in including in the items of increased expenditure those which will only accrue after three or five years, that is, at the end of the quinquennial period. I therefore will only say, Sir, that, as far as the one crore and 33 lakhs which he includes under the head of Charge on Railway Revenues from the effect of sterling transactions, the only items which can be admitted are Rs. 74 lakhs under 2 (a) and Rs. 24 lakhs under 2 (d), that is, revenue from stores bought abroad, and perhaps Rs. 8 lakhs under 2 (e) salaries, including overseas pay and leave and salary and pension allowances.

The more interesting point, Sir, comes in the second part, namely, beginning at paragraph 4 where the Financial Commissioner refers to the increase in railway rupee expenditure which would come on owing to the increases which he thinks are inevitable from the 1s. 4d. ratio being put on the Statute as against the higher one of 1s. 6d. The first one, Sir, is the question of wages and labour, and whilst he gives figures which take us to the neighbourhood of 4 crores of rupees, he himself thinks that 2½ crores would be sufficient for that purpose. I wonder if the Honourable Member has overlooked a very important debate, Sir, which took place in this House on the Resolution of Mr. Acharya on the 27th of January, 1925. Mr. Acharya, Sir, then wanted an inquiry into the grievances of the railway staff and that included with other things, Sir, the question of consideration of the adequacy or otherwise of wages. I will read, Sir, what Sir Charles Innes said

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in quite unequivocal terms on that debate from page 335. Sir Charles Innes said :

" I have just told the House that in 1919-20 we gave very liberal increases of pay to all railway servants in India. Now, that is not a mere figure of speech. In 1921, in response to certain representations made to us, we appointed not a railway officer but an expert officer of the Finance Department to examine the increases of pay we had given to all the railways and report whether those increases were adequate or whether we should give more. That officer reported to us that his deliberate opinion was that we had treated railway servants more generously than any other class of Government servants. That was in 1920 and since then it is a matter of common knowledge that prices have fallen."

Of course since January 1925 prices have fallen still further but that is only by the way. Then, Sir Charles Innes goes into details saying :

" We have increased the wages of our men, taking it broad and large, by 50 per cent."

Then he says how the increases have been 167 per cent., 158 per cent., 156 per cent., 157 per cent., and so on. He further says, " but the story does not end there ", and he refers to the housing accommodation that a large proportion of the railway staff is being given. Then Sir Charles Innes quotes the expert of the Finance Department :

" I did not commence the investigation, as a result of which this note has been written, with the object of trying to prove that railway servants had received more than others. My endeavour was to get at the truth. It has surprised me more than it will surprise some of those who read this note to find how much really has been done in recent years—at, of course, enormous cost, present and prospective to the State—to make the lives of railway servants easier and their prospects brighter."

That was written in 1921 and since then Sir Charles Innes said, Sir, that prices have fallen. I could multiply these quotations, if the House wanted it. But I want here, Sir, to make my position clear. I am not urging that there should be no increases given to the bulk of the 700,000 labourers employed on the Railways in India. In fact, Sir, nobody will be more glad than I to see that these workmen are paid not only adequately but are paid in a manner that their standard of living may be raised steadily. But the point is this. Let that not be done, Sir, on the issue of the ratio which has to be fixed in the best interests of the whole country including the labouring classes, for, on the question of the ratio, Sir, and the artificial increase in it, I see not only no prospect of the standard of comfort of the labourer being increased but I see the gravest fear of increased unemployment amongst these classes. It is doing a disservice to the labourers of India to say that by artificially increasing and pushing up and maintaining the gold value of the rupee . . . . .

**The Honourable Sir Basil Blackett** (Finance Member): Artificially increasing?

**Sir Purshotamdas Thakurdas**: Most artificially, if my Honourable friend will want me to say that.

**The Honourable Sir Basil Blackett**: I might say artificially depressing.

**Sir Purshotamdas Thakurdas**: Artificially depressing? I urged the Honourable Member to bring up and have settled this all-important question before the Budget. Not having done so it does not lie in his mouth to interrupt me to-day when he knows my time is limited. He had not the courage to put the question before the House at the correct time and

he sought piecemeal consideration. My time is limited to permit me to go into all aspects of this question with which I expect to deal later.

My point is this. I do not want that there should be any misconception about it. I will be the first, Sir, to advocate and to support increased charges for labourers provided, Sir, we are assured that that increase is a stable increase and that increase, Sir, will not mean less number of labourers being in continued and constant employment. I submit for the Financial Commissioner's very serious consideration whether he has not overlooked Sir Charles Innes' own figures and facts given in 1925 and whether he is not trying to paint the picture bigger or blacker, whichever he may like, than it can justifiably be put. In 1925 this question of the ratio in which the Government of India is now personally, Sir, so much interested was not on the tapis and the Commerce Member said, "No increase is justified, we are treating our hands very liberally". How does it lie, may I ask, in the mouth of the Financial Commissioner of Railways to-day, when the cost of living has gone down further over what it was in 1925, to say that he of all others, the watch-dog of the finances of Indian Railways, even sees any chance or justification for increasing the wages of these men. unless it be merely for the purpose of prejudicing the whole question of the ratio? Let us consider it, Sir, in an impartial light which is clear and let us not consider it in a light which is brought in merely for the purpose of exaggeration on this issue.

Under 4 (b) the Financial Commissioner for Railways refers to an increase of 2 crores owing to revenue stores purchased in India in rupees. Now, Sir, if this estimate is correct. I think that is a sure indictment of the Government of India, Sir, for having trifled with our currency ratio. Does it mean, Sir, that by pushing up the ratio from 1s. 4d. to 1s. 6d., as the Finance Member undoubtedly has done, as now proved by documentary evidence, the Government of India have hit the Indian industries and have beer at the bottom of this very serious state of Indian industries generally? How does this issue affect the Railways of India? Do I understand that with a slight increase in the rates of stores or in the rates of coal the Railway Department put up their freight rates?

The third item referred to by the Financial Commissioner is "Interest charges on capital expenditure in India". There again he refers to the quinquennial period and I have already dealt with it.

Under "Appropriation from revenue for depreciation" there is an item of Rs. 16 lakhs which again is one which may come on as the higher rupee expenditure is incurred but would not come all together.

As far as what the Financial Commissioner says under 7 (b) is concerned, namely, the initial dislocation of trade which would follow a sudden disturbance, I would really like to know, Sir, from my Honourable friend what dislocation of trade it is that he apprehends. But I will, Sir, name to him another charge in trade which he at any rate must very much welcome: I have, Sir, looked . . . . .

**Mr. President:** The Honourable Member will only compel me to fix a time limit.

**Sir Purshotamdas Thakurdas:** I am afraid, Sir, the clock having stopped, (referring to the clock in the Assembly Chamber) I am rather at a disadvantage. But I am quite prepared to abide by your wishes.

**Mr. President:** The clock is working. It has not stopped.

**Sir Purshotamdas Thakurdas:** Is it, Sir?

(*An Honourable Member:* "It is not working correctly.")

**Sir Purshotamdas Thakurdas:** Is it now ten past nine, Sir?

**The Honourable Sir Basil Blackett:** The clock's ratio is not correct. (Laughter.)

**Sir Purshotamdas Thakurdas:** Which is this ratio which the Honourable Member has in mind?

**Mr. President:** The Honourable Member has taken 25 minutes. I propose to fix 15 minutes for all speakers.

**Sir Purshotamdas Thakurdas:** I will finish, Sir, as soon as I have finished with this point. I will not take more than five minutes.

I have had a few figures worked out as to the mileage . . . (*Honourable Members on the Government Benches:* "The clock is now moving.") (Loud laughter). If the Treasury Benches interrupt me like that will you extend my time, Sir? I have examined a few figures with a view to finding out the mileage and the gross earnings of Indian Railways since 1920. In 1921-22 the mileage, Sir, was 37,265 and the gross earnings were 81.82 crores, yielding an average per mile of gross revenue of Rs. 22,118. In 1922-23 the mileage was 37,615 and it yielded an average per mile of Rs. 26,554. In 1923-24 the mileage was 38,039 which yielded an average per mile of Rs. 24,907. In 1924-25 the average per mile was Rs. 26,390—that was the peak year, Sir—and in 1925-26 it was Rs. 25,402,—here a decline has set in. In 1926-27 it was Rs. 25,181 and in the budget year, according to the estimates of the Commerce Member, Sir, it is put at Rs. 24,928,—a figure which is close to the figure of 1923-24. I will conclude, Sir, with what the Railway Board themselves say in their Reports. I am now reading, Sir, from the Report of the Railway Board, Volume I, paragraph 26. for 1924-25. They say:

"The year was therefore a favourable one for trade generally, and this is reflected in the fact that the total earnings of all railways increased by the phenomenal figure of nearly 7 crores."

This is in spite of the visible balance of trade as measured by statistics of merchandise and treasure only being Rs. 61 crores in favour of India, as compared with Rs. 96 crores a year ago and Rs. 109 crores a year later. In the Report of 1925-26 they say in paragraph 21:

"The decline in the earnings of the North Western Railway is due to the heavy drop in the export of grains through Karachi. This loss of long distance traffic is reflected in the North Western Railway figures of ton miles of general merchandise, which dropped from 2,412 millions in 1924-25 to 1,648 millions in 1925-26, and it is the falling off in this class of traffic that has brought about the large decrease in ton miles on Indian Railways, notwithstanding an increase in the number of tons carried."

In the Report for the year 1922-23 the Railway Board said:

"The earnings of railways are dependent on the general prosperity of the country which in the case of India is most easily measured by the agricultural position and the returns of foreign trade."



The Honourable the Commerce Member himself says in paragraph 8 of his speech :

"We have had a comparatively poor year marked by exceptional floods, partial crop failure amounting to scarcity in parts of the country and slackness of trade evidenced by the fact that up to the end of December last our total foreign trade was nearly 50 crores less than in 1925-26 and 60 crores less than in 1924-25."

The whole question, then, is that whenever you manipulate the currency and specially the ratio in a manner that it either hampers or substantially comes in the way of exports and also of your imports—because, after all, imports can only come in when there is a market here, and there can only be a market for imports when people have the purchasing power—therefore by any method by which you devise a check or interference with these two, the railways of India are bound to suffer. The Honourable the Commerce Member, therefore, has no reason to think that the Budget which he presented to this House with a heavy heart was dependent only on factors outside railway control. He might usefully bear in mind and examine the factors which were not only under human control but under the control of the Governor General in Council. I feel that this all-important aspect should not be overlooked, and if the Railway Department do not get the Finance Department to straighten the facts and remedy them, I am afraid that, so far as the Railway Budgets of India not only for the next year but for the next few years are concerned, there may be nothing but a sad tale to put before this House unless something very unforeseeable happened. I therefore feel that it is a very very sad commentary on the policy adopted by the Government of India in connection with the currency and the first reflection of it is perceived on the Railways of India.

**Mr. President:** I think I ought to fix a time limit, which should be 15 minutes for every speaker.

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, I did not quite hear how many minutes you allowed to each speaker.

**Mr. President:** 15 minutes.

**Lieut.-Colonel H. A. J. Gidney:** I thank you. Sir, I wish, in all sincerity, to congratulate the Government of India, the Honourable Member in charge of this Department and the Railway Board on the Budget and the associated papers that have been presented to this House. In my seven years' experience of the Legislative Assembly I have never been able so clearly and so fully to understand the intricacies of the figures associated with Budgets that are presented to us as I have with this Budget. Indeed, it is not only instructive, it is very fascinating reading and, if I may be permitted to particularise, I think the most noticeable feature in it is the speech delivered in the other House by my Honourable friend, Sir Clement Hindley. I would go further and say that in his speech Sir Clement Hindley has shown that he knows what we exactly require for the Railways in India. He has shown statesmanship of a high order and great courage in admitting the failures and deficiencies of the Railway Board and the many Departments connected with the Railways and he has not been slow in remedying these. Great credit I think is due to him for the speedy manner in which he has effected necessary reforms and for the courageous way in which he has subjected every department of the Railway to the strictest economy and examination. The results as have been shown in this year's Budget I would say are startling. I refer particularly to the speeding up of work in the workshops, and to the improved transportation arrangements which have made it possible to carry increased traffic

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with less rolling stock. In his speech last year the Honourable Sir Charles Innes in paying attribute to the Railway Board said that we should give honour where honour was due. I am not going to follow my Honourable friend Mr. Srinivasa Iyengar who said yesterday that he could only give ironical compliments and congratulations to the Honourable Member. I believe, Sir, that the Members of the Railway Board have merited our unstinted thanks and gratitude, and the Honourable Sir Charles Innes particularly deserves our grateful thanks for all he has accomplished during the 5 years of his office as Commerce Member. I wish also to present yet another bouquet to my Honourable friend Mr. Parsons for the able way in which he has managed the revenue part of this Budget and for the great skill which he has displayed in presenting it so lucidly to us. "Sober optimism" and "striving towards economy" are its watch-words. Mr. Parsons has ably followed in the footsteps of Mr. Sims, but I hope he will not follow his footsteps and leave us in a short time. Last but not least, I have particular pleasure in congratulating another Member of this Honourable House and a member of that Holy of Holies, the Railway Board—I mean my Honourable friend Mr. Hayman. Working under the direction of the Financial Commissioner Mr. Hayman has presented us with a set of papers and books which show a complete mastery of his subject and has given ample evidence that the Railway Board can with safety entrust the highest duties to an Indian—I use the word "Indian" for it includes statutory natives of India as Anglo-Indians are to-day. One of the Members of this House asked a question yesterday, "How many Indians (not including Anglo-Indians) are in receipt of Rs. 200 p. m. and above?" Well, Sir, whether I am included as an Indian or a statutory native of India, I have great pleasure as an Anglo-Indian in expressing to Mr. Hayman who is also a member of my own community, how proud Anglo-India is of him and his record of work and how proud India is of him. (Loud cheers).

In reading through the figures in this Budget I feel I can say that we should entertain no feelings of pessimism or despondency about the future of our Railways. Indeed I think this Budget entitles us to entertain a feeling of great optimism. But one cannot help noticing certain matters which I think should be brought to the notice of the House and the Honourable Member. It is said that the Railway Board can only exercise a financial and technical control over Company Railways. Sir, I think it would be greatly to the advantage of the Railway Administration in India if the Railway Board were able to exercise a larger control over all Company-managed Railways. For instance, I take the Bombay, Baroda and Central India Railway. Hedged in as it is and lying in contact with three important State Railways I can see the difficulty that must exist in the dovetailing of one administration with the other, especially when I add that in the Bombay, Baroda and Central India Railway the transportation system as practised in the Great Indian Peninsula and East Indian Railways is not in vogue.

Sir, it was regrettable to read of a loss of about 126 lakhs in lower class passenger traffic. I would like to ask the Honourable Member one question in connection with this. I notice that the reduction in these fares is almost entirely confined to State-managed Railways and that the Company-managed Railways are not participating in it. I ask, Sir, is the Railway Board afraid of the Board of Directors of these Companies or are

the dividends of the shareholders sacrosanct? I think, Sir, the Railway Board should see that all Company Railways fall into line in this respect.

Sir, with reference to the capital expenditure of 1926-27 in which I notice that an additional crore is anticipated, I regret to note that the slow progress of some of the new lines under construction has been due to unhealthy conditions under which construction work had to be carried on. I speak as one who has been employed as Chief Medical Officer of a railway extension and I can certainly speak with some experience on this matter. I desire to strike a note of warning. Do not neglect your Medical Department in playing your game of intense economy on the Railways. I know the medical relief that is sometimes afforded to the labourer working on railway extensions is of a very primitive nature. At times it is hours before medical relief is obtained and even then it is not of a high order. It seems clear that the Railway Board, like most other Governments, devotes too much attention to its finances and wealth and too little to the health of its employees. In my opinion it is high time that the various Railways devoted more money to their Medical Departments. And here, I should like to ask a question of the Honourable Member. Will he kindly tell us when we may expect the publication of the enquiry report on the Railway Medical Services undertaken by Colonel Needham? It is now over a year since this report was submitted to Government and I think it is time it was published. We would not object to the Railways spending crores on the improvement of their rolling stock provided they spent more money on their Medical Department. In this connection I would like to say a word or two about the drinking water supply on Railways. The Honourable Member knows that one of the greatest fears passengers entertain is in regard to quality or purity of the drinking water supplied on Railways. I should like to know how much of the 1½ crores allotted will be devoted to this purpose, Sir! I am not going to be so airily optimistic as to think that the Railway Board is ever likely to be replaced by an Air Board but I regret to notice that no provision whatever is made for aerial connections between Railways where a gap exists and a railway extension is not possible, and I think the Railway Board would do well to give this matter their serious attention.

Another question that strikes me forcibly is that relating to the training of railway engineers. I ask why should India be the only part of the British Empire whose sons are required to go thousands of miles away to another country to spend thousands and thousands of rupees to receive a training and to be qualified for work in their own country. For decades there have been big railway administrations in India and yet the Railway Board has not thought fit to establish proper training workshops and engineering colleges in India where the sons of the soil could be adequately trained as well as an English qualified Engineer. This I consider to be a standing disgrace to the Railway administration in India. I am however pleased to see an attempt is afoot in this direction, but this is only nibbling at the question. India should supply all her railway engineering staff and need I thoroughly agree with what my friend Sir Purshotamdas Thakurdas has said in this connection. It is very encouraging to read Sir Clement Hindley's statement about the 100 new projects of increasing the railways in India. To call this an "agricultural railway programme" is very apt. In it one can see the hand of His Excellency Lord Irwin and we are grateful to him, I feel sure that these extensions, which will bring the Railways to the doors of the agriculturists, will go far to establish peace and prosperity and will considerably benefit the villagers.

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On the question of the standardisation of locomotives, I have very little to say, not being a technical man, but I understand it will be difficult to get all Company Railways to accept a standard locomotive. The Bombay, Baroda and Central India Railway in its metre gauge I understand is making its own engines at a cheaper cost. I am also informed that a firm of Indian engineers of repute is desirous of supplying railway engines to India at a cheaper cost than is procurable in England. I cannot understand why for all these years we have spent millions and millions of pounds in getting our stock from England. Why have we not by now established up-to-date Engineering works in India to make our own locomotives? If this is the studied policy of the Railway Board and the Government of India then I gladly join with the opposite side in calling it British preference. Sir Clement Hindley in his address before the Council of State stated that an engine works only as many hours in the 24 hours of which a human being was capable of working but that owing to certain improved repair methods, and improvement in Engine designs, cleaning and handling it was found that 900 miles could be travelled by two engines, whereas before it was necessary to employ 6 engines. With all respect to the Honourable Member who knows more about locomotives than I do, I wish to tell him that he appears to be paying too much attention to the life of his engine and too little to the life of the driver and his crew. I know for a fact that in one district on the Great Indian Peninsula Railway—and particularly mention this railway—there is a run between Bhusawal and Nagpur, a distance of 244 miles, which one driver is made to do to-day. It takes 16 hours and more and one driver and three *agwallahs* have to carry out this work. I ask, Sir, what amount, if any, of efficient work can you expect from a man in charge of a railway engine for 16 hours at a stretch? To add to this it appears that, if he should refuse again to go out on duty, after a short rest, his increase is stopped and in time he is considered an undeserving man and is discharged as such. I call this inhuman treatment of your staff and if economy is being effected at this cost, it is reprehensible. The Railway Board should take serious notice of this and make inquiries. It is not only on the Great Indian Peninsula Railway that this state of affairs exists. There are parts of the Bombay, Baroda and Central India Railway where goods trains are so delayed that drivers are on the foot plate from 12 to 18 hours and more. Sir, I object to the difference of service conditions between engineers recruited in England and those recruited in India as temporary officers. Why should an officer recruited in England be given a three years' guarantee and an officer recruited in India only one year.

I now come to the most important grievance of railway men and that is the insecurity of their service on Railways. I propose briefly to refer to this subject to-day, leaving details to when the Demands for Grants come up. Sir, I stand here as the representative of a community that is largely employed on Railways and as one who is grateful to the Railway administrations for all that they have done for my community, but this does not prevent me from stating that security of service on the Railways in India is practically nil. I look upon the one month's notice as a bond of slavery. I do not blame the Railway Board. They have not the staff to look into such detailed matters—I refer to dismissals, discharges and reductions—although the Honourable Member told this House in reply

to one of my questions that he had an adequate staff. Why, Sir, the preparation of this Budget has I hear occupied every man in the Railway Board for the past few months working at high pressure and yet it is said the staff is adequate to carefully examine all appeals. Impossible!! I submit with all the emphasis at my command and with all respect to the Railway Board that there is no security of service on the Railways and that such insecurity does not exist in any other department of labour in the various Governments. Sir, men are dismissed without trial or very perfunctory attempts at an enquiry. There are certain rules which control such dismissal but these are seldom observed. There is a very thin tissue paper between "dismissal" and "discharge" as practised to-day on all Railways in India. Does this House know of the number of men who are discharged and the number of Railway officials who possess this power? They would be surprised if they did know. I do not plead for the undeserving or the undesirable employee or the inefficient workman. I plead for the man, a good workman but who has displeased his superior and is discharged and who is faced with the spectre of unemployment and its horrors of to-day. I plead for the man with a wife and family, one who cannot afford to take the risk of a dismissal or discharge and therefore no matter how unjustly he has been treated has to remain quiet. It is time that the Honourable Member realised that there is a real and widespread unrest on the railways and that the reason why this is not more in evidence is the fear of unemployment, and which the junior Railway official is cheaply toying with in his injustice to his men. I believe in constitutional redress. I do not believe in strikes, but I wish to tell the Railway Board that there are ample reasons for them being organised or bruited. Men have a limit to their patience. Men have a limit to their endurance of hardship and injustices and even to their constitutional methods of seeking redress. I do not blame the Railway Board so much nor do I attribute so much blame to the Agent. It is the junior officer who is at fault and who discharges the men on the slightest provocation. It is the human element that I find deficient in some of these railway officers when dealing with their men. At times these discharged men are deprived of their gratuity and bonus. I repeat it is the human element that is found wanting in these officials. Sir, if I were to open my railway files, I could show to this House such a number of cases the injustices and miseries of which would astonish it. I asked the Honourable Member a question the other day why Mr. M. D'Cruz, of the East Indian Railway, a statutory native of India—I must call him that—and four others were dismissed without a trial. The Honourable Member tried to explain it. I refuse to accept his explanation and I am determined to come back to the fight again and again till I get justice. I was not defending a criminal for all accused are innocent till proved otherwise. Say he is a criminal and guilty, why not prosecute him criminally? This you refuse, an enquiry also you refuse. You are ignorant of who is guilty, yet you dismiss these men untried, undefended and disregard the Government Rules controlling such matters. Why even a Controller of Stores on the East Indian Railway was dismissed without an adequate trial. I am not prepared to say whether he was guilty or not. But, Sir, there is a principle involved here, one which no self-respecting Government or Department can violate or evade and so on behalf of the railway employee I demand some security of service on the Railways. When the highest officials are dismissed, however serious be their crimes, with a disregard of all rules, I ask what chance has a poor humble subordinate? It is not a question of pandering

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to sentiment on my part nor do I seek cheap advertisement at the expense of railway officials. I do not desire to undermine discipline or to foster a spirit of unrest, but what I want this House to realize is that the time has come when the Government must institute an inquiry into the grievances of the railway employees. It has evaded this for the last two years. The Honourable Member has adduced as his chief reason against such a Committee his fear that it may have a reaction on the men employed on the various Railways and as a result create discontent. Why does he apprehend this? The grievances of other services have been enquired into and these have not resulted in any reaction or discontent: the Posts and Telegraphs, Police, Customs, the Leo Commission, which was an I. C. S. inquiry, none of them resulted in any unrest. Surely he is not afraid that this committee will expose some of the misdeeds and irregularities of the junior railway officers. Thank God, there are not many such officers, but it is just these few who create this atmosphere of mistrust and discontent. I urge upon the Honourable Member to take my remarks in the spirit in which I make them and I beg of him to reconsider his decision on this matter and to appoint a committee of inquiry so that the men may feel more secure in their service and peace and contentment may be established.

**Mr. President:** The Honourable Member must conclude his remarks now.

**Lieut.-Colonel H. A. J. Gidney:** Sir, I have very little more to say except to ask the Honourable Member to realize the acuteness of the unrest amongst the staff on the Railways in India. I have no desire to paint this picture blacker than it really is, but I wish to impress on him that he must do something to remedy these ills—these acts of oppression and injustice. I desire to say a few words with regard to certain administrative departments, especially on Company lines. I refer particularly to the Bombay, Baroda and Central India Railway, where British preference is certainly being practised to-day. I refer to the appointments of Foremen and Assistant Foremen in the Railway Workshops at Ajmere. Most of these appointments are given to Europeans either covenanted or recruited in this country. The claims of equally or better qualified Anglo-Indians are being overlooked and as a result great discontent prevails. This railway accepted Indianisation of its staff yet it refuses to practise it. I do not blame the officer in charge. I blame the administration for not observing its trust. This invidious distinction should cease. Almost the same state of affairs obtains at the Jamalpur workshops. I desire to say just a few words in regard to leave. I consider there should be no leave distinctions whatever. I am prepared to make an exception in the case of covenanted men, but every one else recruited in this country should be treated on equal terms. I object to subordinates being used in an officiating capacity as officials for years as obtains on the East Indian Railway and Great Indian Peninsula Railway. And last but not least I would urge the Honourable Member to give more thought to his staff and in his anxiety to safeguard and increase the finances of the Railways in India to give just a little more thought and consideration to the welfare and contentment of the staff who labour for him and by whose labours he has been able to present such a favourable Budget to this House this year.

**Mr. M. S. Sesha Ayyangar** (Madura and Ramanad *cum* Tinnevely: Non-Muhammadan Rural): Sir, I feel thankful to the Honourable Member for Railways for having given us his railway literature, the statement of revenue and expenditure on foolscap and the other literature in pink, white and blue books, with a view to giving us a fair idea of the development of the railway administration. I also feel thankful, Sir, for the fact that he acknowledged that economy and efficiency form the ideal of railway administration, and I shall in a moment deal with the question whether or not that ideal is being maintained in practice. Sir, in the Budget for 1927-28 the Honourable the Commerce Member has budgeted for 99.24 crores and 101.91 crores as gross traffic receipts and gross receipts respectively and expenditure 91.7 crores, of which the capital expenditure comes to about 25 crores and the working expenses 65.52 crores. Now Sir, the working expenses must bear a reasonably definite ratio to the gross earnings. That is the real crux of the problem. For the past many years, it has been the rule more or less, that this average ratio, the operative ratio as it is called—the relation which the working expenses bear to the gross receipts—has been fixed, time after time from the year 1891 to 1917-18, at 44, 48 or 50 per cent. at the utmost. Now what do we find? In the years 1891—95 it was 46 per cent., in the year 1920-21 it was 65.54 per cent. and in the Budget year 1927-28 it is 67.49 per cent. I would also tell the House that so far as the contracts, between the Government of India and the minor companies, for working of branch lines are concerned, the maximum charge for working expenses has always been 50 per cent. and not more. What is the reason for this great increase in the operative ratio which now stands at 67.49 per cent.? That does not point to economy. Certainly the working expenses must bear a lesser ratio to the gross receipts and unless they are put at a lower figure we cannot call it economy in railway administration. Then, Sir, in the matter of the capital expenditure of 25 crores, which is sought to be expended on new construction of open lines, account has not been taken of the fact that certain railways have been working at a definite loss for a very considerable time past. The Assam Bengal Railway is an illustration in point. I take the period 1923-24 which just preceded the year of the separation of railway finance from central revenues. Now in 1923-24 he provided for a fresh capital outlay of 37.46 lakhs. Already there had been an expenditure of 18.5 crores on capital outlay which did not really take into account the enormous figure of 10 crores of rupees which had already been taken to be a definite loss on the working of this particular railway. Now in the year 1927-28, in one of the pink books, we find that in the current year there is a fresh capital outlay intended amounting to 99.25 lakhs, and the loss which is definitely likely to occur in the administration of this railway is put at 16.45 lakhs, while the working expenses come to 77.84 lakhs.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): What railway is the Honourable Member referring to?

**Mr. M. S. Sesha Ayyangar**: The Assam Bengal Railway. Now in spite of the fact that the railway administration itself particularly shows that this railway has been going on working at this deliberate loss, what is it that makes the railway administration push on with further expansion on this railway also? That again hardly points to economy. I do not think their policy would impress any one with an ideal sense of their economy both as regards the average working ratio and also in regard to

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the expansion and development of this kind of railway administration. On open lines also, I find that there is want of economy. Now as regards the capital expenditure which is proposed to be expended on new lines I wish to bring an important factor prominently before the House. We see from the map that is attached to one of these pink books that almost the whole of India is traversed by railways; and why does the railway administration want to have more and more of railway expansion? I am not against railway expansion; but there is a certain stage at which we must cry "Halt", and the pace of the further extension is conditioned by the state of the country's finances and the general condition of the population. We have already about 38,000 odd miles of railway exploitation, and the one reason that is advanced time after time for this new construction is the one which is reflected on page 21 of the Explanatory Memorandum:

"Will serve to open up an area full of possibilities, both in regard to passenger traffic and in regard to goods traffic in cotton and dry grains, the production and export of which the new line is expected to stimulate very considerably."

Then lower down the same page it is said:

"It is an important chord connection which will serve the flourishing towns of Chinot in the Jhang District, and Shahpur now without rail connection of any kind, and will traverse a rich agricultural area now under perennial irrigation."

The whole crux of the question is that they want to exploit. Wherever there are agricultural resources ready for the export of raw produce, the railways must go there to help in the exploitation. We must certainly at least be alive to the fact that this reckless expansion of railways must certainly come to some stop till, at least, we take stock of the real situation as it is and then see if it is possible and necessary to extend it further; and we are not told in any of these budget figures, in any of these books, as to the means by which these exploitation requirements are to be met; whether from borrowed capital these extensions are going to occur or otherwise, and, if from borrowed capital, what is the rate of interest at which the funds are to be borrowed. Unless that information is given to us, it is not possible for us to apply our minds to see the percentage that is really intended to accrue from this capital outlay and to see whether it is working at a loss or at a profit. I submit, therefore, that so far as the working expenses and the capital expenditure are concerned, there is no economy, which is said to be one of their cherished ideals; but what we see is just the opposite. Now, Sir, it is asserted that efficiency is also one of their cherished ideals. Now mention was made by the Honourable Sir Purshotamdas Thakurdas of the Raven Committee. Now that Committee has definitely found that the maintenance of rolling stock has been neither economical nor expeditious and there is a staff in excess of requirements. The percentage of cost of supervision on cost of workers varied from 14.25 to 37.51 per cent. in locomotive workshops and from 10.52 to 25.47 per cent. in carriage and wagon workshops. Now if this administration is suffering as it does from top-heaviness, and if the Raven Committee has found definitely that this state of things is due to the paucity of supervision, is not that an example of want of efficiency, I ask? And it is also said that for every man employed in the railways in England, the Indian railway workshops employ 3.80 men in locomotive workshops and 6.90 men in other workshops. I submit, Sir, that this is top-heaviness in the administration in the



number of officers we have. The Raven Committee has discovered that it is suffering from paucity of supervision, and that certainly shows that it is not as efficient as it ought to be.

Now, Sir, we are told also that the Commerce Member cannot now at this stage think of the reduction of fares this year, and the reasons given are somewhat interesting. In paragraph 15 of his speech the Honourable the Railway Member says:

"The reductions on the two State-managed lines are substantial, and third class passenger fares for ordinary trains are now down to 2 pies per mile for distances over 300 miles."

Now it is a well known fact that in India the average passenger mile is 40 to 50 miles. I submit, Sir, . . . .

**The Honourable Sir Charles Innes:** Does the Honourable Member mean the average distance a passenger travels? I think it is about 33·3 miles.

**Mr. M. S. Sesha Ayyangar:** Then it makes my point stronger. I thank the Honourable Member for the correction. If it is 33·3 miles, that is the average distance travelled by a passenger, then there is no good making reductions of fares for long distances of 300 miles and over. Now I think this is one of those cases where the lower the fare, the more will that give rise to an increasing or expanding revenue in proportion to the decrease of rates. It will be the increased consumption which will give us an increased expansion also in revenue; and if the average passenger mile in India is 33·3, there is hardly any benefit conferred upon the poor people,—after all, the earnings from lower class passengers alone considerably contribute to the railway exchequer, and this kind of treatment accorded to them is certainly not satisfactory. But as a matter of fact, Sir, from the speech of the Honourable Member it is clear that the present fares and freights are really high. Now I will refer the House to paragraph 8 of his speech. This sentence was read out by my Honourable friend, Sir Purshotamdas Thakurdas. In spite of the partial crop failure, exceptional floods and slackness of trade and all that, "we hope to earn this year a net return of 4·77 per cent. on the capital at charge enabling us to pay our interest charges and to pay all but 7 lakhs of our contribution to General Revenues." Now what does that indicate? It indicates that the fares and freights are high; otherwise it would not be possible to earn so much in spite of so many odds enumerated above; and I would certainly submit therefore that there is a case made out from their own figures for a further reduction of rates and fares.

Now lastly I submit that the railway is taken to be one of the greatest commercial undertakings in the world. Now from the Budget that we see, we are not able to see anything like a commercial annual statement. Now where are the assets and liabilities shown? We talk of a depreciation fund, of a reserve fund: what about the huge railway debts towards which we are bound to spend so much annually in the shape of interest charges? And then there seems to be no sinking fund by which we can seek to reduce or avoid the debt. Now a commercial Budget would certainly require something of that kind. I was talking this morning to my friend, Sir Purshotamdas Thakurdas, who is a commercial magnate on this side of this House, and I asked him if this is a commercial Budget. He said, no. Then so far as the revised estimate

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of 1926-27 is concerned, in paragraph 6 of the speech the Commerce Member said:

"Between 1st September and the 29th January, 1927, only 36,000 tons of cotton were exported from Karachi, compared with 61,000 tons last year. I have thought it worth while to take this one instance of cotton by way of illustration, but the drop in our gross earnings, especially in goods traffic, reflects just the fact that trade has not been as good as we expected."

May I suggest to the House that this is due in no small measure to the manipulation of keeping up the rate of exchange artificially? I know, Sir, that my constituency is very rich, very fertile so far as cotton production is concerned. I know that there are many dealers there stocking their cotton because of the fall in prices due to the high exchange: so that those low earnings which are mentioned are in no small measure attributable to this high rate of exchange that has for sometime past been artificially kept up. And then again lower down we find, with reference to the reduction of fares:

"It is not that there has been no increase of passenger traffic, but it has fallen short of our estimate and in spite of the increase in traffic, we expect to earn 57 lakhs less from passengers this year than we did in 1925-26."

Now so far as those estimates are concerned . . .

**Mr. President:** Order, order. The Honourable Member is now exceeding his time limit.

**Mr. M. S. Sesha Ayyangar:** Sir, I will take not more than a minute. Invariably from the budget figures of 1927-28 I see, invariably the Budget figures are all pitched high. They have no relation to the ascertained figures as seen from the revised estimates of the current year or the actuals of the previous or even the average of the previous five years. You fix up the figures high, and then you say that there is a reduction in gross earnings, and you further say that this is due to the reduction in the lower class passengers and certain other things. Absolutely no test is adopted in budgeting these figures so high. I submit, Sir, that these things should be taken into consideration.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): Sir, although this is a general discussion I do not propose to roam over the subject generally but to confine myself specifically, not only to the memorandum of my Honourable friend, the Financial Commissioner, but also to two points in it. I shall come straight to those two points without throwing any bouquets first. I suggest that the House should look at page 4 and they will see it said there:

"It is not improbable that a reduction in the ratio from 1s. 6d. to 1s. 4d. would tend at the outset to raise the rate at which the Government of India could borrow."

I frankly admit, Sir, that I cannot understand that sentence. From what I have seen lately, the tendency of the Government has been to raise the rate of interest of the Imperial Bank, and how that is supposed to help the Government to borrow more cheaply is beyond my poor comprehension. But of course it may be that the Financial Commissioner thinks that if we go back to the 1s. 4d. rupee the whole credit of India will crash to the ground. I am glad to see he shakes his head. Well, if he is not going to take up the point that the credit of India will be affected by the drop to 1s. 4d., I would suggest that it is more than likely

that the drop of the ratio is likely to enable him to borrow money a little more cheaply than if he keeps to 1s. 6d. But I will tell him one thing and that is that in my opinion, whether you have a 1s. 6d. rupee or whether you have a 1s. 4d. rupee, you will still have to pay more for the money that you propose to borrow than you did in your last issue and I will tell you the reason why. It is because the return on Indian Government rupee security has not been as much as the return which you can get on British Government sterling securities, on British Government gold-dollar security, on even Government of India sterling security, with the obvious result that you are having an exodus of capital from this country, which is naturally going to invest itself in high class securities that give a bigger return. In fact the only surprising thing about it all is that the exodus should not have been larger than it has been—should not have been more pronounced; and I think that is partly due to the ignorance of the investor in this country and partly due, up to now, to the lack of facilities that he has had for investing in foreign securities. But lately the weekly reports of brokers are giving the net return on Government of India rupee securities and they are also giving the net return which the investor would get on foreign gilt-edged securities; and it may even be that, in the reports sent by that anonymous firm of brokers which appears to have so much influence on the administration of the financial policy of Government, that information has also reached their ears. I therefore say that I think the Government will find it difficult to obtain money at a low rate of interest until the return on their future issues approximates more nearly to that of gilt-edged securities in foreign countries.

Now, let us turn to my second point which is at the bottom of page 2 and which refers to the wages of labour. It will be seen that my Honourable friend has given us a mathematical calculation enabling us to see at a glance what 12½ per cent. of the labour bill will come to. I notice, however, that he does not appear to consider that the country has completely adjusted itself to the 1s. 6d. rupee, because although it gives the figure at 3·89 crores, he apparently is only budgeting for an increase of Rs. 2½ crores.

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): On a point of explanation, Sir. Those figures in paragraph 4 show the eventual effect, not the effect in the budget year.

**Sir Victor Sassoon:** Rs. 2½ crores is the increase for the budget year?

**Mr. A. A. L. Parsons:** No. Rs. 2½ crores is the eventual effect; you will find the figures for the budget year in paragraph 7.

**Sir Victor Sassoon:** That makes my point rather stronger, that even eventually the Honourable Financial Commissioner does not think that the cost will be more than Rs. 2½ crores, whereas if he had added 12½ per cent. to his wages bill it will be nearly 4 crores. That merely strengthens my argument. In any case I think that my Honourable friend has fallen into an error in considering that even to the extent which he has laid down here real wages have risen; and I must here interject that I am the last man who has a right to criticise my Honourable friend for falling into this error, because I myself have fallen into the same error and have dealt with the same assumption when I gave my evidence before the Royal Currency Commission. The fact is that we as manufacturers found ourselves penalised in exactly the same way as if we had increased wages by

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12½ per cent. in our competition in the Levant, Egypt and in our competition in this country with commodities that were directly competing with us and I fell into the error of thinking that as we were suffering as if we had actually been paying these wages so the labourer would be benefiting by getting some of this rise; and that is where I admit I was wrong and that is where I beg to say that it seems to me that the Financial Commissioner is also wrong; because we suffer from having to take the wholesale rate for our commodities at which the foreign manufacturer is able to lay them down or rather bring them into the harbours of this country. That is the price we have to sell our goods at, and we have therefore to adjust our prices at once to the higher ratio. But the case of the millhand or the salaried employee is very different. He can only gain if his cost of living goes down; he does not gain merely because we get less money for our products; he only gains if his total cost of living goes down, and this is affected by retail prices—not wholesale prices—and is also affected by items such as rent which do not alter.

Now, I am one of those unfortunate beings who, like the Leader of the House, go through life with a smiling countenance amidst the commiseration and sympathy of our more fortunate fellow creatures because we are only bachelors. I have no wife to control my own home budget; but I have friends who are lucky enough to have very charming, amiable and efficient consorts and these charming ladies have told me that, with the exception of what their husbands remit home, the cost of living in this country has not gone down at all. That is as far as the better classes are concerned.

Now, let us take the labouring classes. I have here got the *Bombay Labour Gazette*, and though I generally view such index figures with suspicion, in this case I must admit that the figures given are borne out by inquiries that I have been able to make. These give us, not index figures for wholesale prices, but the working class cost of living index, which includes retail prices and items such as rent and so on; and if we take the average figure for 1926, we find that the figure is 155 against the pre-war figure of 100. If we take the same figure for 1924, when exchange was at 1s. 4d. gold we find that that figure was 157 or a difference of 2 points—in other words the labourer or the working man in this country has benefited by one and one-third per cent.—not 12½ per cent.; the substantial adjustment to the higher rupee is one and one-third per cent., and I am inclined to think that that figure is very nearly what the real rise in wages has been all over the country. And this is borne out by the analogy of England. If we take the effect in England during the 10 per cent. rise that took place in the sterling dollar exchange, what do we find? We find, if I may quote the figures of a well known economist, that at the port wholesale prices have dropped by 13 per cent., whereas the cost of living has only dropped by 4 per cent.—only by 4 per cent. in a country where they import most of their foodstuffs, in a country which has the most efficient form of commercial banking, civilisation and produce markets, and what is perhaps more important, where the distances are by no means as large as in this country; and if the drop in prices at ports of 13 per cent. is only reflected by a drop of 4 per cent. in the cost of living, then I think I am safe in saying that in this country with its large distances, the drop in the cost of living will be well under 2 per cent. If that is so, what is the obvious corollary? That if you bring the rupee back to 1s. 4d. all that your wages would justifiably go up by would be some

amount approaching one and one-third per cent. I know, Sir, that the theoretical upholders of the 1s. 6d. rupee will tell me that the reason it did not drop was because otherwise it would have gone up by 12½ per cent. less one and one-third—that is what we will be told. If that were to be true, taking it to its logical conclusion, the day we have 1s. 4d., everybody in this country receiving a fixed wage or fixed salary, from His Excellency the Viceroy complete with Council, down to the unfortunate man on the railway who only makes Rs. 9 a month, will get his salary and wage raised by about 11 per cent. We know that is not likely to be true. We know that wages do not go up easily just as they do not go down easily, and I think that we can take it that any drop in the ratio will not affect the wages, where the wages would not have risen for other reasons. I am certain of this, that even my friends Mr. Chaman Lall and Mr. Joshi would be perfectly prepared to say on behalf of the railway workers who are now on strike. We asked the Government for a hundred or hundred and fifty per cent. rise, but we will be prepared to accept 12½ per cent. less if we can get the balance.

Sir, I am afraid I am exceeding my time or am getting very near it, and so I will sit down by asking this House to take this memorandum with the greatest of reserve. I do not think that the figures that we see in the memorandum are likely to be borne out by facts. If the ratio is lowered I doubt whether any increase in the cost of railways would come to much more than what my Honourable friend Sir Purshotamdas Thakurdas said the other day when he suggested that the increase would not be more than a crore of rupees.

**Khan Bahadur Haji Abdullah Haji Kasim** (West Coast and Nilgiris: Muhammadan): Sir, I congratulate the Honourable the Commerce Member on his able presentation of the Railway Budget. It is a matter of great satisfaction to me, Sir, that he has provided funds for carrying out surveys of new lines, the construction and completion of which will lead to great prosperity of the country as a whole. But, Sir, I must strike a note of regret, that, so far as my district is concerned, its claims for a railway line have not received adequate attention. On going through the pile of books which have been supplied to us, relating to the Railway Budget, I find that only Rs. 74 lakhs have been provided for the survey of the Mangalore-Malpe line, which will be taken up in 1928-29, and that the line will not be ready before the year 1931. I had expected that the survey of this line would be taken up this year and that adequate funds would be provided in this year's budget for the survey of this long deferred line, but, Sir, I have been disappointed in this. All the same, I am thankful to the Honourable the Commerce Member for providing funds for carrying out the survey in 1928-29 from Mangalore to Malpe. But I hope, Sir, that this will not meet with the same fate as some of the other lines, which, as the House is probably aware, were abandoned after the completion of the survey. I may point out that the development of the port of Malpe will go a long way to foster and stimulate the trade of the South Kanara District and Mysore. In this connection, I may quote here an extract from the Home Board's letter No. 107, dated London, the 10th March 1915:

"If, however, it is true that there is safe anchorage at Malpe at all seasons of the year for vessels drawing 25 feet of water, the prospects of the extension would be very considerably improved and, judging by the example of Mormugoa, Malpe might become a very important centre."

The Board are therefore of opinion that it would be desirable to make a proper survey for a line from Mangalore to Udipi, and on to Malpe

[Khan Bahadur Haji Abdullah Haji Kasim.]

The line would apparently be the whole way within the jurisdiction of the Malabar District Board, and as that Board is now interesting itself in questions of railway extensions, it might be disposed to have this project investigated with a view of getting a railway entirely within its own borders with the prospects of a good harbour which will attract to itself all the traffic of the West Coast. If the District Board are unable to provide the funds for this survey, the Board think the Government of India might well be asked to authorise the expenditure against head "41—Miscellaneous Railway Expenditure."

Closely allied to this question. Sir, I have also in mind the question of connecting Mangalore with Hassan in the Mysore State by a railway line. I shall briefly allude to the history of this scheme. This project was first mooted by the commercial community of Mangalore in the year 1888 in an address to Lord Connemara. They pointed out that Mangalore was the traditional port of Mysore and warmly supported the solemn wish of the late Maharaja of Mysore and of the planting community of Mysore and South Kanara for a direct railway communication. The Government of Mysore was also of opinion that for the full development of the great resources of Mysore and especially for the planting and mining industries of Mysore a direct railway connection with a port on the West Coast was absolutely necessary and they proposed the line from Arsikere to Hassan and thence to Mangalore to serve ultimately as a connecting link between the capital of Mysore on the south with the Southern Mahratta Railway on the north and east, and Mangalore on the west. In 1895-96 under notification, Government of India, P. W. D., No. 416, dated October 27th, 1894, an elaborate and complete survey was carried out by an expert body of engineers at a cost of about 2 lakhs of rupees. From that time onwards up to the present, ceaseless and urgent representations have been submitted to the Governments of Mysore and Madras by (1) the Representative Assembly of Mysore, (2) the United Planters' Association, (3) the commercial community of Mangalore. In support of this scheme the United Planters' Association passed an important resolution as far back as 1907 emphasising the need and importance of a regular line. As a result of these representations the Government of Mysore lost no time in investigating the possibilities of a new line from Arsikere to Hassan and being satisfied with the survey report, constructed the line and it has since been successfully working. In this connection I may mention that the District Board of South Kanara had been levying a cess of 3 pies in the rupee since the year 1913, with the sole object of appropriating this amount towards the construction of a railway line from Mangalore to Hassan and this amount, I understand, has accumulated to about Rs. 5 lakhs. In the year 1908 the demand for a railway line connecting Hassan was strongly advanced by (1) the South Mysore Planters' Association, (2) the Hassan Municipality, (3) the representatives of the Manjarabad Taluk, (4) the representatives of the Belure Taluk, (5) the representatives of the Arsikere Taluk, and (6) the representatives of the Nagar Sabha. In response to the numerous representations the Railway Board of the Government of India in their despatch on the railways in South India agreed with the principle underlying the demand and in paragraph 20 wrote:

"The demands of Mangalore, Coorg and the planting districts which would be served by a line from the Southern Mahratta Railway at Arsikere to Mangalore will have to be met at no distant date."

This is what the Railway Board has said. Sir, with the Mangalore Hassan Railway open the whole of Mysore is at once practically in immediate proximity to the rich grain-bearing territories of South Kanara and Malabar, for the freight of the grain supplied would be almost nominal, the time taken for the transit measured by hours and the supply would always be abundant and certain. Without the railway and in present circumstances, the supplies might as well be 1,000 miles away and the cost of transport in times of famine would almost be prohibitive. The Government survey report shows that the freight of two tons of produce (one ton up and one ton down) would be 7/8, while the cost of cartage which the planters have now to pay for one ton up and one ton down amounts to Rs. 45. The House will recognise what this difference means in times of famine. More than this, Sir, the railway freight of Rs. 3-12-0 per ton for grain carried up the ghat would always be constant even in times of famine whereas the cartage of Rs. 45 for the one ton up and one ton down be thrown on one ton carried up. Moreover the mortality among the cattle and the difficulty of providing fodder in times of famine will always cause cartage to rise immensely in such times. In order to appreciate the value of the line for stimulating the commerce of Mysore and other territories a mere glance at the map will be more than sufficient. I am sure, Sir, where a planter now brings up one ton of produce, he will, when the line is constructed, bring up several tons and yet save money over it. Perhaps the Madras and Southern Mahratta Railway will oppose this scheme, because, it would deprive them of long haulage of 330 miles from Arsikere to Mormugoa and only give them in return the short haulage of 137 miles from Arsikere to Mangalore. I believe there would be no such loss as the net profits on the shorter haulage would be greater than on those on the longer haulage to Mormugoa. Further, Sir, a glance at the rates now charged by the Company for freight of manganese ore confirms what I have said about the more profitable character of the short haulage. This would mean a charge of 6/4 per ton to Mormugoa according to the schedule rate and Rs. 4-2-6 to Mangalore, a distance of 137 miles. The resulting difference would be sufficient to render the profitable working of the mines that are closed down owing to these heavy railway freights. I hope, Sir, that these important points will be carefully considered. In conclusion, I trust, Sir, I have established the claim for the construction of a railway line from Hassan to Mangalore, although this scheme was abandoned in 1917 owing to the financial prospects not being favourable then; but, Sir, conditions have changed considerably for the better since then, and I hope the Railway Board will see their way to reconsider the whole question and give us a line at an early date, which will be a great boon to the commercial, mining, and planting committees of South Kanara and Mysore. I again appeal to the Honourable Member to see his way to reconsider this question more sympathetically and give us a railway line between Mangalore and Hassan at no distant date which will immortalise the name of the Honourable Member in the minds of the people of the West Coast, where he was for sometime, and of Mysore.

**Mr. Varahapuri Venkata Jogiah** (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, it is with very great pleasure that I read in paragraph 15 of the speech made by the Honourable Member for Commerce that every year an addition of about 20 crores is being made to the capital in the matter of Railways and that it means a net earning of about 1 and

[Mr. Varahagiri Venkata Jogiah.]

1/5th crores. While appreciating this, I cannot help stating that some of the railway funds should be diverted to the benefit of the travelling public.

The most crying need that is felt is with regard to the fares of third class passengers. Most of the passenger income, I am told, is derived from the fares paid by the third class passengers. If that is so, there is no reason why the comforts and conveniences of these passengers should not be increased. The third class compartments are generally overcrowded and, so far as the compartments are concerned, they are kept unclean. As for the reduction of the fares for third class passengers, I remember last year there was a reduction made in all the State Railways, and it is stated in this year's speech that some Company-managed Railways, such as the East Indian, the South Indian and the North Western Railway, have reduced their rates. But there is no reason why this reduction should not be applied to all the railways in this country. The Agents of these Company-managed Railways, the East Indian and others, stated as their considered opinion that by reducing these rates eventually the income of these Companies will not suffer. Further, there is no use in reducing those rates only over certain distances. As has already been pointed out, the poor passengers will benefit only if this rule, about restricting the reduction in proportion to the distances, is modified. So that I plead on behalf of these poor travellers that the rate at 2 pias per mile should be introduced irrespective of distances.

Another matter which I wish to place before the Honourable the Member for Commerce is with regard to return tickets. Until a few years ago, return tickets, weekly, fortnightly, monthly, and six-monthly, were issued. But we find now that on several railways this has been abolished. It would tend to the great convenience of the passengers if these return tickets are again introduced.

Another crying demand is with reference to the salaries of low class officials and subordinate employees on the Railways. The unskilled labourers now get a minimum wage of Rs. 9 per month, and clerks and others get from Rs. 25 to Rs. 28 per month. The family budgets which were put before Railway Administrations show that it is not possible for railway servants to get on with anything less than Rs. 30 a month, so far as labourers are concerned, and Rs. 45 to Rs. 50 per month, so far as clerks and others are concerned. They have not only to live themselves, but they have to support their families which, to put it at the least, may be taken to consist of three other members at least—a wife, a child and a dependant. In these days, when prices have gone up, it is not possible for anybody to live on a pittance of Rs. 9 to Rs. 15.

A comparison of this country with others shows that the proportion between the pay of low-paid servants and that of the high-paid is exceedingly in favour of the high-paid servants. From the statistics of maximum and minimum salaries in force on Railways in India and other countries such as Japan, China and the Continental countries, it is evident that the proportion of the maximum to minimum in India is 1 to 66, in Japan it is 1 to 22 . . . (An Honourable Member: "1 to 666 in India.") I beg your pardon; it is 1 to 666 in India, in Japan it is 1 to 22, in China 1 to 32, and in the Continental countries it is as low as 1 to 5. These figures, I submit, show beyond all doubt that the lower staff on the Indian Railways are kept down on starving wages. I therefore appeal to the Commerce Member to take



into consideration the low wages that are now paid and increase the wages and give the poor employees at least a living wage.

**\*Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I do not propose to go into the various aspects of the Budget to-day because we will have opportunities to-morrow and on the succeeding days of going into certain aspects of the Budget. (Mr. B. Das: "Louder, please.") I take this opportunity, Sir, of bringing to the notice of the Commerce Member, for it is appropriate when the general discussion of the Budget is going on, certain vital grievances of people who have not the opportunity of going to the Commerce Member with the same facilities with which we can place certain matters before him. Sir, I am referring to a question which has been deeply agitating the minds of the railway employees in Lucknow. Sir, a memorial was submitted to His Excellency the Viceroy on the transfer of the railway employees from Lucknow to Calcutta because of the amalgamation of the Oudh and Rohilkhand Railway with the East Indian Railway. This transfer, Sir, was effected as a breach of the appointment agreements. Many of the railway employees affected joined service on the specific understanding that they would be in Lucknow, but they were transferred, though hopes were extended to them that the offices of the Oudh and Rohilkhand Railway would not altogether be transferred to Calcutta. Now, Sir, there is an opportunity of redressing the grievances of these affected people. I believe about 2,500 people have been transferred to Calcutta. A certain amount of justice could be done to these people in this particular manner and this too, Sir, has been brought to the notice of His Excellency the Viceroy in the memorial submitted by these people. That relates to the opening of a clearing house. Sir, the clearing house has been tried as an experimental measure and I think the Commerce Member has come to the conclusion that a clearing house should be established. I do not know if he has decided whether it should be established either in Delhi or in Calcutta. But, Sir, I submit that this clearing house should be established in Lucknow and the reasons for submitting this are firstly, the ground of economy, secondly, expeditious working, and thirdly, the ground of doing justice to people who are really groaning under an injustice. Sir, in the memorial that was submitted to His Excellency the Viceroy they have clearly shown how it could be an economic proposition. There is already a big building of the Oudh and Rohilkhand Railway. Here you have to erect a new building. Therefore you will save the money which will be wasted in the erection of a new building. I think there are more buildings than one in Lucknow of the Oudh and Rohilkhand Railway which could be utilised. Secondly the gentlemen who have been transferred from Lucknow to Calcutta not an extra allowance and all that kind of thing. If they come back to Lucknow they will do the work without the extra allowance, which means that the Railway will be able to save a certain amount of money. There are other points also urged in their memorial which I shall not go into at present. Even from the standard of efficiency I submit Sir, that a clearing house in Lucknow will be much better than a clearing house either in Calcutta or in Delhi. Sir, I will read to you here one part of a statement that has been made to me by some of the affected people. They say:

"Taking first the Railways of Northern and Eastern India, Delhi is served by the North Western and East Indian Railways whereas Lucknow is served by the East Indian, Rohilkund Kumaon and Bengal and North Western Railways and is nearer to the

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\*Speech not corrected by the Honourable Member.

[Mr. C. S. Ranga Iyer.]

Eastern Bengal, Assam Bengal, Bengal Nagpur, and Burma Railways and Steam Navigation service by about 12 hours. Again the Southern India Railways, i.e., South Indian, Mysore, Madras and Southern Mahratta and Nizam's Guaranteed Railways carry their traffic to Northern India through the Bengal Nagpur or Great Indian Peninsula Railway. In case of the Bengal Nagpur Railway the traffic is received *via* Calcutta and their route is nearer to Lucknow and in case of the Great Indian Peninsula it all concentrates and passes *via* Jhansi. The distance from Jhansi to Delhi is 259 miles and to Lucknow it is only 181. So Lucknow is nearer to Southern India than Delhi. Among the Western Railways, it is the Bombay, Baroda and Central India, Rajputana, and Gujrat Railways which are nearer to Delhi but as three-fourths of the Indian Railways are nearer to Lucknow, Delhi can under no circumstances compete with it and cannot claim to be more centrally situated."

Sir, I hope that the Honourable the Commerce Member will take this matter into consideration and listen to the grievances of the affected employees at Lucknow and when he replies to this discussion I hope he will agree to have the clearing house in Lucknow.

Sir, the other aspect, which is a very common aspect, and commonly urged and equally commonly neglected, is the grievances of third class passengers. I wish the Honourable the Commerce Member on his way back to his motherland will travel third so that he will have an experience of the enormous difficulties to which the third class passengers are exposed. (*An Honourable Member*: "His last trip.") I do not know if that will be his last trip. He might come back as Chairman of some Commission and so on to this country. But he could form an idea of how callously the Railway Department have neglected the third class passengers. Sir, the third class passengers are the backbone of the Railways, but whenever you open the Budget, whenever you find schemes of improvement, you always find that the second class and first class passengers are more favoured, speaking broadly, than the third class passengers. Sir, the great majority of the people of this country travel third class. Even those who can afford to travel by a higher compartment do not do so.

Sir, apart from any other consideration, I cannot understand why people should be packed like so many animals or worse than animals, why people should be packed in those compartments, almost choked. If only the Honourable Member could have an idea of the sufferings to which the third class passengers are exposed, I am sure he would have presented to us—if he only knew, if he only thought over it—an easy solution. And the solution is not a very difficult one. I can place before the Honourable the Commerce Member a scheme by which this overcrowding could be solved. Instead of having the present compartments, why could you not have wooden partitions just as you have on Continental railways, just as you have, for instance, on the Express between Poona and Bombay for first and second class passengers? Why don't you have the system of seats introduced so that overcrowding might not be possible and it might be in the power of the railways to prevent this overcrowding. Well, it may be said that this might interfere with sleeping accommodation. There is no sleeping accommodation at all in the third class compartments, but these wooden partitions might be made removable, and the sleeping accommodation difficulty would be solved. I am placing this matter before the Honourable the Commerce Member for his consideration, because if an attempt is made to solve the difficulty under which the third class passengers are labouring the Government will certainly earn the gratitude of the people of India. Apart from the question of gratitude, they will be doing what is expected of them. Take away the third class passengers and where are your Railways? This is a grievance which

has been urged for the last so many years. Every year when the Railway Budget is brought forward this grievance is also brought forward and every year it is thrown into the limbo of oblivion. Sir, I expect Government to do a little more justice, a little less injustice than they have been in the habit of doing to the third class passengers.

Last but not least I must refer to the question of railway extension. I know opinion is divided in this House as to whether Government should go on with their policy of railway extensions or whether they should not. So far as I am concerned I have got certain specific matters to bring before this Government in regard to railway extensions. I placed them before Sir Clement Hindley in my budget speech last year. He was not sure at that time whether there were people living in the most densely populated district of Bijnor, but he subsequently said that people did live there. I am sure that he has subsequently realised that it is one of the most important centres, an important trade centre, an important education centre and also an important agricultural centre. It is one of the most prosperous districts in the United Provinces and there is no railway. Even the district headquarters is not connected by a railway. I thought that a survey of this place was made, I knew that a survey was made. Up to Chandpur there is a railway and I believe Sir Clement Hindley has an idea, now that he has come to know Bijnor and its possibilities from a railway point of view, of further extending the railway from Chandpur to Bijnor. I hope he will make a statement to that effect. I know that some enquiry has been made with regard to it. Sir, there is also the question of Karanprayag to which heaps of pilgrims go every year. I know that some favourable statement was made by Mr. Parsons the other day and I am sure that Government Members will during the course of the debate make it clear that they are going to give this railway extension to Karanprayag and thus alleviate the difficulties to which innumerable pilgrims are exposed.

With these few words I will conclude my speech.

**Colonel J. D. Crawford** (Bengal: European): I do not propose at this time when the Railway Budget is down for discussion to enter into a controversy over the ratio question, but I do want to say that those stalwart exponents of the 1s. 4d. ratio—Sir Purshotamdas Thakurdas and Sir Victor Sassoon—are of course bound in so far as they can to belittle the figures put forward by the Financial Commissioner. But if we are to give a vote intelligently on this question of the ratio it is certainly right that we should understand all the possible implications which that particular ratio may have on our Railway Budget. I am sorry that my Honourable friend Sir Victor Sassoon is not present at the moment, because I would have liked to twit him with the fact (*An Honourable Member*: "He is in the Gallery.") that he is forced to depend on the financial experience of his charming lady friends to support his contention that there has been no fall in prices. Had my Honourable friend been amongst those whose fortune it is, shall I say, to be selected for the high honour of marriage he would have had a truer appreciation of the financial working of the female mind. As regards husbands, wives are in much the same position as the various Departments of the Government to the Finance Member and their point of view on finance . . . .

**Mr. President**: I take this opportunity of informing Honourable Members that the Visitors' Gallery is intended for visitors and that it is not desirable that any Honourable Member should go and occupy any seat in the Gallery for any length of time.

**Colonel J. D. Crawford:** I bow to your ruling and will drop that particular matter as I do not want to go on at this stage with the particular question of the ratio.

As one who has toured over many thousands of miles on Indian Railways each year I am sure of the increasing state of efficiency to which those Railways have come. I would say that my only real grievance against the Indian Railways is the dust and that I believe is a grievance which the Honourable the Commerce Member cannot get over at the present moment. May be there will be a day when we shall be able to oil our permanent way as we are oiling our ordinary roads. The other point which has attracted my attention is one which vastly affects the third class passengers, and that is the enormous delay which occurs on all railway stations in the booking of tickets. To start with the ticket-babu has to work out the mileage and the calculation as regards rupees, annas and pies which has to be made, then enter it in three different columns of four different books, then write it on the railway ticket and eventually issue it to the passenger. When you go to the third class booking office where there are many passengers waiting, this procedure is a very great inconvenience to them. I believe there is at the present moment an electrical machine which is capable of doing all this work by itself by just pressing a button and doing all the calculations itself. I do not know to what stage of development it has got, but I believe there are samples in India and possibly Sir Clement Hindley is already experimenting to see whether they can be put to practical use in India or not. If they could, it seems to me that it would be a very great convenience to the general travelling public.

As I tour round the country the question that seems to predominate most is the great need for further development of the Railways and I was therefore gratified to see that during the current year we have spent, according to the Commerce Member, a crore more than was provided for. But I notice that Sir Clement Hindley speaking in another place said:

"It would perhaps be out of place to forecast any further, but if our present quinquennial programme does not come in for very drastic revision either for financial reasons or other difficulties there is no reason to anticipate any serious dropping off from this figure of 1,000 miles as the rate of progress for several years to come."

I hope that they will not confine themselves only to that limit of 1,000 miles a year, good as it is, because there is a great demand for railway development and if they can develop the practice of using private contractors for important railway works I think we might even reach a larger figure than the 1,000 miles given here. I have particularly in mind certain railway extensions in Southern India which I have heard spoken of—one particularly for the Annamalai's which I believe might pay, and another in Assam where the Railway Department are already carrying out a survey of railway along the north bank of the Brahmaputra, which I understand is only likely to go at the present moment as far as Tejpur and which I trust they will consider the possibility of extending to Bisnath and even further along that bank of the river. I am convinced that our whole railway policy should be courageous in the matter of development.

I would like also to refer here to a matter in respect of which I was not fortunate enough. Sir, to catch your eye the other day when a motion for the adjournment of the House was moved in connection with the Kharagpur strike. I believe that this House would be well advised to

refrain, as far as possible, from interference when various portions of our railway may have industrial disagreements with the railway authorities.

**Mr. T. C. Goswami** (Calcutta Suburbs: Non-Muhammadan Urban): Thank you for the advice.

**Colonel J. D. Crawford:** I believe that in taking too great notice of these industrial disputes and making them questions of national importance, the House is liable to do very real and grave damage to our Railways. The labourers have very definite representatives in this House who can get into direct touch with those controlling the Railway Board and who can do very much to bring about a settlement. But when little strikes at any point on the railway are to be magnified into questions of national emergency and to receive undue consideration at the hands of this House, then I believe we are on the road to generally damage our railway seriously. Whilst here I would like to make also an appeal to the Railway Board in support to some extent of what my friend Colonel Gidney said. I do think that when they are doing so much to improve their machinery all along the line they will also do what they can to bring a little of the human element in and to think a little bit of the human machine. I have had a good number of instances of things which appear to me on the surface to be rather hard, where I felt that the Railway Board has perhaps thought more of efficiency than sometimes of humanity.

There is one other question which I would like to bring up at this moment. I shall not refer to it at length now as I shall refer to it later during the debate on the Demands for Grants with a view to concentrate the attention of the House on this particular point and that is the high freight at present charged on petrol. The House is aware that I am one of those who is exceedingly interested in the development of motor transportation throughout the country, not in competition with other means of transport but as a supplement to those means of transport, be they canals or railways. It is one of the movements which I believe will do more to revolutionise India and to assist it forward than anything else. When I come up into the mofussil from the ports, I find that the price of petrol is practically prohibitive and this is mainly due to the very heavy railway freight. I will go into the details of this question when I move my cut on the particular Demand and so do not wish to refer to it any more at this particular moment.

Before closing my remarks I would like to pay a compliment to Sir Charles Innes, the Commerce Member, who is shortly leaving us. Personally, at all times, I have found that whatever he has had to say has made the whole of these very difficult problems clearer to a layman like myself and I feel that no matter how much he may belong to the Satanic Government all of us in this House will very really miss Sir Charles Innes and his personality and his tremendous power of explanation when he leaves us in March.

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): I am not generally in the habit of congratulating people and showering praises upon them for doing their duty much less when they have not been doing their duty properly. At any rate, on this occasion I am bound to say a few words in regard to the Honourable Sir Charles Innes. Last time he said that that was his last speech and he has now made an extra speech. On the occasion of his going home it is but proper that we should express that he will carry with him our kind wishes

[Mr. C. Duraiswamy Aiyangar.]

not as the Honourable Member for Commerce and Railways but as Sir Charles Innes. I quite realise the difficulty under which he is labouring, quite as much as we are. Sir, when we from this part of the House sometimes criticise the bureaucracy and point our fingers to this or that gentleman on the opposite Bench, it is because we want to express it in order that they may realise also what position they occupy in that bureaucracy. Sir, the bureaucracy is after all a chain of links of which individually they form parts and my Honourable friend Sir Charles Innes forms one link in that chain. If we are bound by the chain, they are bound within the chain. When this chain is broken into pieces both you and we will be free. It is difficult to understand this mysterious form of administration in which it is difficult to see in which safe is locked in the power to do good while the power to do evil is found in every pigeon-hole.

Sir, before proceeding further, let me dissociate myself from what my Honourable friend Mr. Sesha Ayyangar said in regard to the policy of railway expansion. Whatever might have been the faults in the past in the matter or over-speedy development of railways in this country irrespective of commercial development and commercial prosperity of the people, we are not now at a stage when we should condemn the expansion of railways. My friend Mr. Sesha Ayyangar was evidently looking at the clock opposite to him which was recording 9-10 when it was 12 and he wanted to set the clock back in the Railway policy also by saying that railway expansion must be put a stop to. We are now in the stage of expansion by aviation and what is the meaning of Mr. Sesha Ayyangar saying that expansion of railways ought to be stopped. If it were, the exploitation would properly be taken up by aviation.

With reference to the general view which the Honourable Members take of the railway policy and railway finance, I am afraid that the real purpose of railways is ignored and forgotten. This question of commercialisation of the railways must not be carried to extremes. We have got in this country three classes of railways, the commercial lines, the strategic lines and luxury lines. We have got the luxury lines in the Kalka Simla Railway, the Hill Railway between Mettupalaiyam and Ootacamund. We have also got the electrified lines. We pay attention to these strategic and luxury lines irrespective of profit or loss and when we meet with loss we pass it on to the commercial lines and throw the burden on the poor third class passenger. When you meet with any loss, you always make it up by raising the fares and raising the freights for goods. In 1922 and 1923 you wanted to raise 5½ crores by raising the fares chiefly of third class passengers and six crores by raising the freights. That is not the manner in which you ought to carry on business. You ought to know that there is another way by which you can make up the losses. It is by means of retrenching the expenditure. It is by demolishing the topheavy portion of it and if you ask this House once for all for a sum of 5 crores in order to demolish the topheavy portion of it and send away those who are a burden we are prepared to vote the money.

I come next to the amenities of third class passengers. The Honourable Sir Charles Innes told us that the development made on railway stations, the remodelling of lines, all these must be taken to the credit of the third class passengers' amenities. These are not the ways of dealing with the amenities of third class passengers. I could give you a catalogue

now. I shall not go into them in detail because there will be occasion to go into them in the course of the coming four days. I may simply give him a list of them—reduction of fares, through carriages at junctions, waiting accommodation, non-crowding of carriages, safety of property, refreshments and water supply, and the printing of tickets in the vernaculars. These are all matters which ought to be taken into consideration by the Railway Administration in treating of the amenities of third class passengers. It is no good to say that you have given them a concession when they travel over 300 miles. How many passengers have to travel over 300 miles? Last year I asked a similar question; I asked how many third class passengers had taken tickets for a distance of more than 50 miles at a time, at least from any one station and I was not given the figures. I want you to be prepared with figures at the voting of Demands. Then with reference to through carriages at junctions, if you want to know the several inconveniences of third class passengers on long journeys, what they suffer in coming down from one train with all their children and goods when they have to wait for perhaps three to four hours before they can change into another train at midnight, I will mention it at the voting of Demands. Then in the matter of crowding of carriages, you will find that a second class compartment for 8 passengers is very big and yet it pays you only the equivalent of 24 third class tickets at the most, but in the same space, Sir, you are crowding at least 72 third class passengers.

Sir, in the matter of goods traffic I want to make one suggestion to the railway authorities. I would suggest to you that a policy may be started by which concessions in railway freights, rebate on railway freights, may be paid to those firms who are carrying on infant industries in this country and have to carry their goods from one place to another. If coal has to be carried from Bengal to Bombay you ought to give concession rates. The other day the complaint was made that Tata's steel is not reaching Madras, Bombay, Rangoon, Karachi and other places, and Honourable Members of this House then suggested various methods, various permutations and combinations of the tariff rates in order to adjust the burden of protection but not one has suggested that Tata steel must be accessible to all these places also by making the railways give a rebate upon the goods that they carry to those stations so that Tata's steel may also become popular in places where it has not reached as yet.

Sir, in the matter of the deficit in the Budget I wonder what honest attempts have been made to reduce the expenditure, and I hope you will not mind, Sir, if I suggest that you may standardize expenditure on administration. Last year I pointed out the case of three railways which are very nearly equal in mileage but which show a very great disparity of expenditure on administration. The South Indian, the Eastern Bengal and the Burma Railways have very nearly the same mileage, but the expenditure for administration on the South Indian is 67½ lakhs, on the Eastern Bengal 96½ lakhs and on the Burma Railways 62 lakhs. Why should there be that large disparity? Last year when I put that question, the Honourable Mr. Sim answered by saying that there are jungles and forests on the Eastern Bengal Railway and if I were to travel in that country I would find it out. But what does it matter if there are jungles there so far as the administration is concerned? How can it make a difference of several lakhs in the cost of administration? I want, Sir, to take as a standard a basis

[Mr. C. Duraiswamy Aiyangar.]

of, say, 10 per cent. of the gross earnings and to set it apart for administration. There should not be this enormous difference between one railway and another, a difference extending even to 30 lakhs, while in other respects also they are showing expenditure which cannot but be characterised as extravagant. Sir, the railway authorities are now saying that they are learning how to economise expenditure, how to economise fuel, etc. The Raven Committee have disclosed several irregularities about which the authorities themselves are ashamed. They themselves say in advance before we criticise that the publication of the report would cause a great deal of criticism. What has the Railway Board been doing all these years, that Railway Board which has been maintaining that not a single Indian is competent to be on the Board and which they alone are competent to fill? They have a large inspection staff under them and a large number of costly agencies. What have they been doing all these years? Until the Raven Committee came and disclosed so many irregularities we knew nothing about it. Sir, I suggest that the losses be surcharged against the salaries of these people who are responsible at the top. I ask the Audit Department to be independent and to say how much loss has been caused in the past by the non-supervision of this Railway Board. And Sir, when this expenditure has to be curtailed in any one year the burden is it once thrown on the third class passengers. That is the only remedy which the Railway Board knows.

Sir, in the matter of Indianization what have you done? That is another important point. About 224 appointments were made last year. Out of that 133 Europeans have been appointed, 63 Hindus, 10 Muslims and 15 other classes. My friend Colonel Gidney comes under the "other classes", and why, because he never goes into our lobby for voting. If only he could make up his mind to vote with us I would give him a separate class to himself and call him an Indian, and I would not want a separate class for Hindus. In the matter of this percentage of new appointments, the Bengal Nagpur Railway has introduced 81 per cent. of Europeans, the Bengal and North Western 85.7 per cent. and the Burma Railways 75 per cent. during the last year. And that after the agitation for Indianization of the services has been going on for so many years. Is that just?

Then, Sir, in the matter of accidents, they have increased in number. Collisions of passenger trains amounted to 65 and other trains 375. Derailments of passenger trains numbered 347, of other trains 4,397. All kinds of accidents last year numbered 22,094. And with all their inspectors and inspecting staffs what care are they taking, what steps have they taken to avoid all these accidents. The passengers killed numbered 377, injured 1,823; 402 railway servants were killed and 3,323 injured. Are these the figures about which we should sit calmly and quietly here without asking for an explanation from the Railway Board, which pretends to be superhuman in intelligence, which thinks that all Indians are worth nothing when compared with its own personnel?

Sir, I am not going to deal with the ratio question. Sir Purshotamdas Thakurdas and Sir Victor Sassoon have already dealt with it. But, Sir, one word I wish to say and it is this. That is not a question which can be settled as a side issue like this. It cannot be decided as a compartmental question. It ought to be decided when the whole subject is before us—not only the Railway Budget, not only the Budget of Sir Basil Blackett, but



when the budget of producers, consumers, exporters, importers, labourers, etc., are before us at one view. Sir, I desire to ask three questions of my friend Mr. Parsons. He says that the sterling expenditure on capital stores is no less than £5,300,000; and he says out of this only £300,000 will be purchased in India and five millions worth must be purchased elsewhere. Has he made up his mind about that? Then with regard to the revenue stores, he says that £1,760,000 has to be spent, of which only £250,000 will be spent in India. And the third point is that you will have for your new lines new recruits from England. I should like to ask my Honourable friend if he has made up his mind to spend all this sum in England. If so, what does it matter to us if we are to give two pence more? If we are to lose such large sums, why grudge a two-penny more? Pumpkins are lost—why search for a missing mustard?

**Mr. M. Ruthnaswamy** (Nominated: Indian Christians): Sir, if I rise to speak so early in my career as a Member of the House it is with the object of calling the attention of Government and of the Railway Board to the comparative neglect in regard to railway construction from which my Presidency has been suffering. If one looks at the excellent map attached to the Explanatory Memorandum furnished by the Financial Commissioner, one will notice that one of the biggest gaps in railway construction, in fact I may say the biggest gap in railway construction is to be found in the northern districts of the Madras Presidency. Describing a semi-circle round what is going to be the very important harbour of Vizagapatam one will find that there has been there very little construction of railways ever since railways began to be built in India. Even what has been proposed by the Railway Board has not been executed with the expedition that one would have expected of it. As regards the Raipur-Parbatipur Railway which is to connect the harbour of Vizagapatam with the northern districts of the Madras Presidency and the Central Provinces, we find this very disquieting sentence in the Explanatory Memorandum:

"In addition, the commencement of work has sometimes been held up by the necessity for deciding problems of some complexity before sanction could be given to the project. The Raipur-Parbatipur Railway is the principal sufferer, and against the provision of 125 lakhs for this line expenditure of only 24.66 lakhs is now anticipated in 1926-27."

If the Vizagapatam Harbour is to become one of the most important harbours in India, it is necessary that like Bombay, Calcutta and Madras ought to have a net work of railways round about them, and I think that one of the first objects to which the Railway Board should direct its attention and energies in the coming years is to fill up this very big gap in railway construction in India. With regard to other minor matters also, Sir, I must point out the neglect from which the Madras Presidency has been suffering. In regard to the electrification and doubling of lines of the Madras suburban railways, we are told that the question of electrification is still under investigation. I believe the investigation has been going on for the past two years. In spite of the fact that Sir Charles Innes, who is bringing to an end a distinguished career in the public service of this country, hailing from the Madras Presidency, and in spite of the fact that he has been in charge of this portfolio for five years, the development of railway construction in the Madras Presidency has not been as satisfactory as possible. I wish Sir Charles Innes had shown to his first love greater fidelity than he has, and it is sad to note that the meretricious beauties of his new love at Delhi and Simla have made him forget the

[Mr. M. Ruthnaswamy.]

foundations of the distinguished career which he is now bringing to an end. Sir, if I took up another matter, the question of the policy of encouraging railway construction by District Boards, I might be understood as countering the argument for further expansion of railways which I have just now advanced. But it seems to me rather peculiar that the Madras Presidency should be the only Presidency where the construction of railways by District Boards is being encouraged. The more legitimate work of District Boards, I should have thought, would be the construction of roads, and I cannot help thinking that the spending of energy and money on the construction of railways is diverting the District Boards from a more legitimate work, which is the building up of a better system of roads. (*An Honourable Member*: "Question"?) The taking up of construction of railways by District Boards is more profitable because we can make profits out of railways, but you cannot make profits out of roads. But it seems to me that first things have to come first, and the building of roads by District Boards ought to have precedence over the building of railways. I think I am right in saying that in no other country in the world, and in fact in no other province in India have District Boards taken up the construction of railways. It is rather late, Sir, at this hour of day for my Honourable friend, Mr. Sesha Ayyangar, to sound a note of warning in regard to the further building of railways. I should be degenerating into reading a schoolboy essay on the advantages of railways if I spoke about the advantages of a more active construction of railways in India. We are very far behind even the most backward country in the rest of the world in regard to the building of railways. One of the ideals, one of the standards, by which the state of communications in an advanced country is judged is that for every one square mile of area, there should be one mile of communication, either by road or by rail. Judged by this standard, no one will doubt that India is one of the most backward countries in the world. In fact it is by the development of communications whether by rail or by road—and we are at present upon the question of railways that most of the problems of unity and prosperity and even of self-government and liberty can be solved. One of the greatest obstacles to the political unification of India in the past has been exactly this, the vast territorial extent of the country. India has been too great a country for political unification and for development in liberty and in self-government; and I think a more active building of railways, a more active railway policy, will help in the unification of the country which is necessary for the political development of the State. (Applause from the official Benches.) Much talk has been in evidence in recent months about the backward tracts in India. This is not a question for debate now, but certainly no one can doubt that there are various strata of civilization which remain backward through the existence of these backward tracts, and one of the best ways in which these backward tracts can be illuminated is by pursuing an active railway policy in those tracts. I therefore commend to the Government and to the Railway Board this policy of not crying a halt to railway development but of increasing its railway activities and of distributing its railway activities impartially throughout the country. It is true that Madras is far away from Delhi and Simla, but it seems to me that one, especially a statesman, should look beyond his nose, and although Central India is very much under the nose of the governors of India, I would appeal to them that the development, the material development of the distant tracts of India is as necessary

for the progress and the prosperity of the country as the development of those tracts which are nearer to the Capital. (Hear, hear.)

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

**Pandit Hirday Nath Kunzru** (Agra Division: Non-Muhammadan Rural): Mr. President, the cardinal feature that strikes a new comer about the Railway Budget is the separation of the railway from the general finances. At the time that the Assembly agreed to the separation of railway finance, a Resolution was passed embodying the conditions on which the Assembly agreed to the arrangement, and one of the conditions was that the arrangement shall be subject to periodic revision, but shall be provisionally tried for at least three years. The Honourable Member for Commerce taking part in the Railway Budget debate in 1925 said that the convention was experimental and that after a term of three years it would have to be reconsidered. I, therefore, thought, Sir, that the arrangement arrived at between the Assembly and the Government would be placed before the Assembly again this year. I know that the condition embodied in the Resolution passed by the Assembly in September 1924 states that the arrangement brought into force shall be tried for at least three years, and that, therefore, there is nothing technically speaking to prevent Government from continuing the present arrangement for more than three years. But what the Honourable Member for Commerce said in 1925 led one to hope that Government would of their own motion bring this matter before the Assembly as soon as the period of three years was over. I know that the Assembly agreed to the present convention in September 1924; but the separation of railway finance was practically carried out from the 1st April, 1924. Now, this House being a new House, I do think that Government might have taken the initiative themselves. Instead of leaving it to Honourable Members to ask that the matter should be brought up again before the House they should themselves have invited the Assembly to reconsider it if it wanted to do so. I am not asking why this procedure was not followed only for theoretical reasons. Since the contribution to be made to the general finances depends mainly on the capital at charge, it is necessary to arrive at a correct view of the capital invested in our commercial railways. Now, the Inchcape Committee, which recommended a return of  $5\frac{1}{2}$  per cent. on the capital at charge, took into consideration the entire capital, not excluding either the capital invested by the railway companies or the capital invested in the strategic lines. And although we might ask that the capital on strategic lines be taken into consideration. . . .

**Mr. A. Rangaswami Iyengar** (Tanjore cum Trichinopoly: Non-Muhammadan Rural): Why not?

**Pandit Hirday Nath Kunzru**: I said although we might ask. . . .

**Mr. A. Rangaswami Iyengar**: I propose to do so.

**Pandit Hirday Nath Kunzru**: Although we might ask for it, as the general revenues have borne considerable charges in connection with the

[Pandit Hirday Nath Kunzru.]

payment of interest and the grant of land, etc., I am not for the present raising that question; I leave it to my Honourable friend, Mr. Rangaswami Iyengar to do so. But what I do suggest is that the capital, redeemed by means of annuities and sinking funds, should certainly be taken into account in determining the total amount of the capital at charge. I am aware that the Inchcape Committee actually deducted this from the total capital at charge when it suggested that efforts should be made to obtain a revenue of  $5\frac{1}{2}$  per cent. on the total capital at charge. But since Government have deducted the capital spent on strategic lines and the capital contributed by the railway companies from the total capital, I do think that the amount redeemed by means of annuities and sinking funds which have come out of the revenue should be added to the total of the capital regarded as at charge at present. Now, it may be that the railway revenues will not be able to go on contributing to the general revenues at the same rate as now if the capital at charge were increased. I am not saying for the present that that contribution in future should be at the same rate as now, but when we are considering whether our railways are a commercial concern or not, we must certainly take the sum redeemed by means of annuities and sinking funds into account in determining their paying capacity.

\* The other point that I wish specifically to bring to the notice of the Honourable the Member for Commerce in this connection is that the charge for land and subsidy and surveys should no longer be debited to revenue, and that the interest to be paid on capital employed for new construction should be charged to the capital so long as the new railways do not become a paying concern. In order to point out the importance of this matter, I would for a moment try to compare the figures of 1923-24 with the figures for 1927-28. Now in 1923-24 our gross traffic receipts amounted to about Rs. 92.87 crores and the working expenses and interest charges together to Rs. 81.91 crores. In 1927-28 the budgeted revenue is Rs. 99.23 crores and the working expenses and interest charges together amount to Rs. 89.51 crores. Thus during these years while there has been an increase in revenue of about 6.37 crores, there has been an increase in expenditure of about 7.6 crores. I am aware, Sir, that the figures of the two years in the form in which I have given them are not exactly comparable. On the revenue side we have to take account of the fact that during the last two years reductions in fares and freights have been made. But, on the other hand, we must take into consideration the cheaper cost of fuel and the reduction of prices since the year 1923-24 which has been considerable. On the expenditure side, taking working expenses alone, there is a difference between the working expenses for 1923-24 and the corresponding budget figures for 1927-28 of about  $4\frac{1}{2}$  crores. Now, a greater part of this is due to the fact that the provision for depreciation is about  $3\frac{1}{2}$  crores more than it was in 1923-24. We have also to take into account the additional expenditure due to the Lee concessions, and if those elements are taken into consideration, I do not think it can be said that the working expenses have increased substantially since 1923-24. But there is certainly a great increase in interest charges amounting to about 3.19 crores. This is undoubtedly due to the large amount of capital expenditure incurred during the last five years. This suggests to me, Sir, that we have been perhaps proceeding in this direction a little faster than we might have done. We would like to know in this connection what are the

railways that have been completed during the last five years and when the completed projects are likely to yield an appreciable return on the capital invested in them? In the second place, if the interest due to the capital employed in new construction were charged to capital, as it would be in a commercial concern, and not to revenue, not merely shall we be keeping our accounts on a correct basis, but we shall be allowing our revenues to benefit thereby, as they should. I notice that in the Explanatory Memorandum of the Financial Secretary, the return on the capital is calculated not merely after taking into account the capital invested in the new projects but also the net loss on account of interest incurred before they become fully paying. If that is so, there should be no difficulty in debiting the charge on account of interest to capital and not to revenue.

The next question that I should like to place before the House is in connection with the form of the Budget. Honourable Members on the other side who are experts in this matter perhaps cannot easily realise the difficulty in which we find ourselves in dealing with so huge and complex a matter as the Railway Budget. The Provincial Governments deal with a smaller amount of income and expenditure. Nevertheless, anybody who looks at a provincial Budget will realise that it deals with the various items of expenditure with great wealth of detail. Now, here we have the Railway Budget dealing roughly with a hundred crores of revenue and expenditure, and we are not given anything like the detailed information that is given in a provincial Budget which deals with a much smaller amount. I should in particular like to point out in this connection that it would be a great convenience if the figures relating to the individual railways were compiled in such a way as to enable us to study them on a comparative basis. It is at present difficult to compare the growth of revenue and expenditure in the different railways. It can be done only after spending a great deal of time in examining the various figures; but if Government could give us the various figures in one volume, as, for instance, the figures relating to the Provincial Governments used to be given in previous volumes of the Finance and Revenue Accounts, it would be of great advantage to the Members of the House and also to those outside who might like to study this question.

Just one more point, Sir, before I sit down, and it is in connection with the purchase of wagons. In March, 1918, Government guaranteed to purchase in India 2,500 broad gauge and 500 narrow gauge wagons annually for 10 years with the desire of establishing "on a solid basis in India the industry of wagon construction." Four years after this came the Inchcape Committee which pointed out that the increase in wagons had been greater than the increase in ton miles, and recommended that the wagon programme should be largely curtailed particularly on unremunerative lines. Now, this Committee reported, I believe, on the 1st of March 1923, and in June 1924 Government issued another communiqué stating. . . .

**Mr. President:** Order, order, the Chair regrets to have to draw the attention of the Honourable Member to the fact that his time is up.

**Pandit Hirday Nath Kunzru:** This is my last point, Sir, and I shall deal with it very briefly. In June 1924 Government withdrew their original communiqué of 1918 on the ground that the passing of the Steel Industry (Protection) Act had considerably modified the position. There have been a number of questions in this House in the past in connection with this

[Pandit Hirday Nath Kunzru.]

matter, and I should like to ask Government how many wagons have been purchased since March, 1923, that is, since the Inchcape Committee recommended. I should like to know what is the total addition made to the stock of wagons every year since the Inchcape Committee reported, and as it is a matter of importance, I hope that either the Financial Commissioner for Railways or the Honourable Member for Commerce will give us the information asked for.

**Mr. R. K. Shanmukham Ohetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, this is the third Budget that the Honourable the Commerce Member has presented since the scheme of the separation of the railway from the general finance was adopted by a Resolution of this House. We see from the budget figures that on the 31st of March, 1928 we would have put by about 11.28 crores of rupees as a depreciation fund and about 11.33 crores of rupees in the reserves, making altogether a total of 22.61 crores of rupees. When one studies these figures, one is naturally tempted to ask how this enormous sum of 22.61 crores of rupees is invested and where this money is kept. I have been told that this balance in the depreciation and reserve funds is merged in the general cash balance of the Government of India, and that the Government of India pays to the railway administration a certain percentage of interest on these funds. One would like to know what exactly is the percentage of interest that the Government of India gives. In the Railway Budget it is shown under the item of receipts of interest on the depreciation and reserve funds. But we are not told what exactly is the percentage of interest given and we are not therefore in a position to know whether the railway administration is getting from the Government of India an interest which might be considered to be reasonable, taking into consideration the condition of the money market for the time being. In this connection, I would like to suggest to the railway administration to examine the desirability or otherwise of investing this money in more permanent Government securities. Sir, we have been told that the railways are being managed as a big commercial concern, and I would impress upon the Honourable Member for Commerce the desirability of giving in future to this House a regular balance sheet showing the assets and the liabilities of the administration. I am aware of the fact that Sir Arthur Dickenson is at present engaged in investigating into the system of accounting on the railways as a whole; and I do hope that this point would be referred for his examination and that some action in this direction would be taken by the railway administration in the presentation of future Budgets.

Sir, a study of the budget figures of this year is very instructive in enabling us to realise more the extent of the losses incurred by the railway administrations than the actual gain made by them. A number of papers have been supplied to us, but I should think that the most important budget paper of this year has not been made available to the Members in general,—I am referring to the Report of the Raven Committee. My Honourable friend, the Commerce Member, referred to the remark of certain people in speaking of this Report as a general indictment of the railway administration. Whether the Report of the Raven Committee is an indictment of the railway administration or not, I must certainly congratulate the railway administration on the remarkable courage that it has shown in publishing this Report for general information. Even though I must confess that

a great part of the Report is too technical for a layman like me to understand, it is very clear that at least in the management of the Railway workshops the condition of affairs is anything but desirable. When the Inchcape Committee investigated the financial condition of the Government of India, they brought to the notice of the Government the enormous amount of money that was locked up in the stores balances of the railways. I believe that at that time it stood somewhere in the neighbourhood of 35 crores of rupees. The interest charges on this huge sum alone came to more than a crore and a half of rupees per annum and the Inchcape Committee urged upon the Government the desirability of bringing about a drastic reduction in the stores balances. Later on we had been told that the railway administration had turned its attention to this question. In the Explanatory Memorandum supplied to us with this year's Budget it is mentioned that at the end of 1927-28 it is anticipated that the balance of stores held by railways will be brought down to 11 crores or less than half the stock at the end of 1925.

**Mr. A. M. Hayman** (Railway Board: Nominated Official): I beg to rise, Sir, to a point of explanation. The figure of 11 crores is a mistake. I shall be obliged if the Honourable Member will read 13 crores instead of 11 crores in that Memorandum.

**Mr. R. K. Shanmukham Ochetty:** Whatever it is, in reading this statement one is naturally tempted to congratulate the railway administration on having brought about this drastic reduction in the stores balances. In fact, Sir, when I read the administration report of the Railway Board last year and also this year, I thought that the railway administrations had really given effect to the recommendations of the Inchcape Committee in this respect. But then what is the state of affairs that has been disclosed by the Raven Committee? On page 81 of the Report they say as follows:

"We feel it necessary to place on record the difficulties we experienced in our investigations owing to the general practice that has obtained on all the Indian State Railways of keeping a fairly considerable stock of stores in running sheds and other places which had been charged off and debited to running expenses."

And they further proceed to say:

"We have been told that this is a result of the campaign of reducing stores balances but we cannot accept this explanation. No book-keeping method of reducing stores balances could go to the root of the evil."

And again they say on page 82:

"In some cases these materials have been received on capital account, charged off to work for which they have been received long before the commencement of any building or erecting operations and kept lying about the shops without any apparent check whatsoever. We are told that this is a recent practice adopted in order to bring about the reduction of stores balances we have already heard mention about. It is obviously ineffectual to resort to such practice where the resulting reduction in stores balance is merely artificial and fictitious."

Sir, comment upon this passage is superfluous. To put it in plain and blunt words, it comes to this that a reduction of stores balance has been brought about by throwing away stores from the stock. And I ask, is this a matter on which the railway administration can congratulate itself? I see, Sir, the Honourable the Chief Commissioner for Railways indulging in a superior laugh, as is usual with the Honourable Members on Government Benches, and I shall await what explanation he has to offer in justification of this reckless policy that has been pursued in these workshops.

[Mr. R. K. Shanmukham Chetty.]

There is one other point, Sir, to which alone I will draw attention at this stage. Ever since the year 1921, the railway administrations have launched upon a huge programme of workshop construction. From the figures given in the Explanatory Memorandum we see that workshops costing very nearly  $7\frac{1}{2}$  crores of rupees are in the process of construction and that nearly  $4\frac{1}{2}$  crores of rupees have already been spent on the construction of these workshops. Sir, this scheme of construction of workshops was undertaken mainly with a view to overtake those arrears of repair into which the railway administration fell during the Great War. They have been engaged for the last seven years in this task and yet in one of the footnotes of the Demands for Grants we are told that the arrears of repairs on many railways have not yet been fully overtaken. This House has given very extensive powers to the railway administration to spend enormous amounts of money to overtake these arrears of repairs. A huge amount of money was voted in the year 1921 and yet, in the year 1927, we are told that arrears of repairs on many railways have not yet been fully overtaken. May we ask, Sir, the railway administration to tell us at least at this stage with some precision as to how many years more it will take for these railways to overtake the arrears of repairs? Another question naturally arises out of this. In this huge programme of workshops construction, were proper estimates prepared at the time when these schemes were sanctioned and has the railway administration satisfied itself that a proper outturn will be got for this huge capital that is being invested? I would like to know, Sir, some facts about these. This question becomes very important especially in the light of the revelations about workshop management made by the Raven Committee. I shall have more to say about these revelations at a later stage. But at present I would like to know, whether the workshops on the lines managed by Companies are also asked to give effect to the recommendations of the Raven Committee. We are told in the Explanatory Memorandum that a special officer has now been appointed to see that effect is being given to the recommendations of this Committee, and I would like to know whether it will be within the competence of this special officer to enforce these recommendations in the workshops on the Company-managed lines also?

These are, Sir, a few of the points which I thought I might bring to the notice of the railway administration at this stage and more I shall reserve for a later stage.

**Mr. T. C. Goswami:** Sir, not having even half as many minutes to traverse the entire Railway Budget as the Psalmist has allotted us years, during which we may probably have to watch helplessly the disastrous consequences of the railway policy of the present day, I hope I shall be forgiven if I do not tarry long over what I hope was not sarcastically described as the "fascinating speech" of Sir Charles Innes. The romance of railways as revealed in the speeches of Sir Charles Innes and Sir Clement Hindley I shall reserve for private enjoyment. I could, however, congratulate Sir Clement Hindley and Sir Charles Innes on their usual facility in window-dressing, for after all, all these Budgets, as far as my experience goes, have invariably an unreality about them which oppresses one. The figures given are generally in the nature of *suppressio veri suggestio falsi*. I could also refer to some general principles, to some



old complaints, such as differentiation in the matter of railway rates. It is an old complaint, Sir, that rates have been fixed arbitrarily to suit the shipping companies whose interest it is for India to export more raw materials and to import more manufactured articles. That is an old complaint, and I think the mere mention of it is quite enough at this stage. There is another old tale which will also bear repetition, and which will serve to remind the gentlemen in charge of the Railway Administration that the credit of the tax-payer has been pledged to the extent of 142 crores involving interest charges of nearly  $7\frac{1}{2}$  crores. That also, as I have said, is an old story; but it is a good reminder in discussing the Railway Budget. We are told that the Railways are run on commercial lines. Let me therefore remind you of something which may almost sound platitudinous but which, again, may be helpful when we discuss the Railway Budget in greater detail during the next few days,—namely, that a commercial concern which has a monopoly involves taxation just as much as ordinary direct taxation. After all, the Railway Department is handling revenues which in amount are not much less than the revenues that are handled by our Chancellor of the Exchequer. Sir, I come at once to a matter of immediate interest at the present moment. And if I do not follow the admonition of my Honourable and gallant friend, Colonel Crawford, I hope he will pardon me. He has referred to strikes as little industrial disputes. Sir, a strike involving 30,000 men is not a small industrial dispute. The great strike, which is now in progress, on the Bengal Nagpur Railway, is a matter of national concern, in spite of what Colonel Crawford may say and in spite of what that octogenarian dandolo of the Bengal Nagpur Railway Company, Sir T. Wynne, may say. I understand this gentleman has been telling the aggrieved employees that he has the right as an employer to treat his employees, that is, the employees of the Bengal Nagpur Railway, in the same way as a private master treats his servants. Sir, that is a very dangerous proposition. It is true that the Bengal Nagpur Railway is a Company-managed railway, but at the same time this Bengal Nagpur Railway is a public utility concern. It is protected not only by the bayonets of the Gurkhas and the Auxiliary Force, but it is also propped up by the credit of the Indian nation, of the Indian tax-payer. Sir, that analogy, that vicious analogy of the relation between the employer and the employed in private life, is not only misleading but, if accepted, may result in grave public wrong. I believe that when this subject was mentioned here a few days ago, when I had the misfortune of being absent from this House, there was a regular orgy of laughter on the other side of the House. What is more, that laughter, was raised, I am told from credible reports, when it was mentioned that some of the strikers had received serious injuries as the result of a bayonet attack and that indiscriminate firing had taken place. Human life is a matter about which I should have expected some respect shown even on the other side of the House. Let this House commit itself to this proposition that the life of the meanest Indian coolie is as sacred as the life of the highest English official in this country. (*An Honourable Member: "And vice versa".*)

**Mr. President:** Does the Honourable Member intend to revive a discussion which had taken place only the other day?

**Mr. T. G. Goswami:** I do not wish to revive any discussion, but I do desire to draw pointed attention . . . .

**Mr. President:** I understand the Honourable Member's anxiety as he was absent from this House when the matter was taken up. But the matter had already been thoroughly discussed for over two hours and I am not disposed to permit a revival of the discussion on the same subject.

**Mr. T. C. Goswami:** Would you not allow me to mention . . .

**Mr. President:** The Honourable Member may mention in a general way, but to make that as a point and go on discussing it is objectionable.

**Mr. T. C. Goswami:** Thank you. I will just say that the Kharagpur strike is a matter which the Railway Administration should take up immediately. After all, the demand which the Union and the employees have made is a very reasonable demand,—namely they want a committee of inquiry, which does not necessarily commit the Railway Administration to an admission of the reasonableness of the grievances. If you forbid all discussion on a matter of such great importance in railway administration, I cannot help it; I regret your decision very much . . .

**Mr. President:** Order, order. The Honourable Member knows very well that a full discussion had taken place only the other day, and is it right for him to suggest that the Chair forbids discussion? The Chair had already given ample opportunity to this House to discuss that subject for more than two hours and it is hardly fair on the part of the Honourable Member to suggest that the Chair forbids discussion.

**Mr. O. S. Ranga Iyer:** Was it permissible for Colonel Crawford to refer to the strike, and is it not permissible for an Honourable Member on this side of the House to reply to it?

**Pandit Hirday Nath Kunzru:** May I ask whether it is permissible to discuss a matter again in connection with the Railway Budget though it was a matter which has already been discussed as the subject of a Resolution?

**Mr. President:** When the question arises, the Chair will give its decision.

**Mr. T. C. Goswami:** I have no desire to dispute the ruling of the Chair. Still I will say that this is a matter which I hope the Railway Administration in the interests of the country will take up immediately and settle before the matter becomes seriously aggravated. I do not think, Mr. President, I shall say anything more under your ban.

**Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban):** Sir, I would like to say that we all bid a regretful farewell to my Honourable friend, Sir Charles Innes. Although I know that he is a part and parcel of the Satanic Government and a typical bureaucrat to boot, there is no question whatever that the application and industry which he brings to bear on all questions for which he is responsible to this House and the mastery and ease with which he presents the case are at once an example and an inspiration to everybody who has had the privilege of knowing him, and to that extent I very much regret that a career so useful and so brilliant is now coming to an end. May I be permitted to wish him a long and happy life in his home overseas.

Sir, I might also congratulate my Honourable friend, Mr. Hayman, on his elevation. He knows that I had a great share in getting him that post, and I hope that he will not follow the example of Colonel Gidney. My Honourable friend, Colonel Gidney, is like the ostrich which poses both as a bird and a beast. When the privileges of the bird are to be enjoyed he will deny that he is a beast, and when the privileges of the beast are to be enjoyed he will deny that he is a bird. And I honestly trust, Sir, that if my Honourable friend, Mr. Hayman, wants to make a success of his career the first thing he would avoid is the tactics of Colonel Gidney. I will leave the matter there and will straight off jump into the bearing of the exchange question on the railway finances.

My Honourable friend, Sir Purshotamdas Thakurdas, has given us a clear statement as to the consequences of 1s. 4d. on the Railway Budget and I do not think it will be at all necessary to dwell at length on this matter after what he and my Honourable friend, Sir Victor Sassoon, have said. For one thing, I think the Railway Administration has been caught napping when they said that the rate of interest would rise if a reversal to 1s. 4d. was decided upon. Let them refer to the minutes of evidence when Mr. Pherozeshah Merwanji Dalal was under examination. The Chairman of the Commission then said agreeing with Mr. Dalal that a reversal to 1s. 4d. would really make the rate of interest lower. After that, it is really an amazing thing that the Railway Administration should seriously put forward a document in which they say that the rate of borrowing would rise, if we went to 1s. 4d. But the thing which clinches the issue is the return of gross receipts during the last 5 or 6 years. If my Honourable friend, Mr. Parsons, will refer to the receipts of the year 1924-25, and that is the year when the ratio was at par, i.e., at 1s. 4d., gold—that was the old par—he will find that the receipts from railways were, on a mileage of 38,270 miles, Rs. 101 crores, and the average earning per mile per year was Rs. 26,490. There has since been a steady deterioration and in spite of the increase of mileage the income has come down, till in the budget year that is now before us, over a mileage of 39,817 there is an income of Rs. 99 crores and even if that is really borne out by the working of the next 12 months, the mileage return is reduced from Rs. 26,890 in 1924-25 to Rs. 24,928 in 1927-28, and it results in a deficit of Rs. 5.83 crores. If we had been on a ratio of 1s. 4d. to-day, we would have earned in 1927-28 a revenue not of Rs. 99 crores, but a revenue of Rs. 105.8 crores. That would have been the figure in the budget estimates instead of Rs. 99.21 crores, and, Sir, the loss amounts to Rs. 5.83 lakhs, a result directly traceable to the alteration of ratio which reduces the movement of commodities and thereby reduces Railway receipts. Strange to say, in this country which produces wheat we have the information that in Calcutta only recently no less than 16 lakhs pounds sterling worth of wheat was imported from Australia. It is really painful that on account of a fall in prices the movement of commodities in this country should become so prohibitive that it pays the foreign exporter to dump the articles of which India is the main producer. I think this single fact ought to convince everybody that the fears entertained by my Honourable friend, Mr. Parsons, are groundless. I do not of course agree with his figures but I will take them as absolutely correct; he fears that under 1s. 4d. on the revenue side there will be an increase of expenditure of 3 crores and 12 lakhs annually; but it will be counterbalanced by the

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increased receipts, i.e., Rs. 5.83 crores which we are now losing owing to the higher ratio. That clinches the issue that so far as the results of the reversion to 1s. 4d. are concerned they will be more on the right side and not on the wrong side of the Railway Budget.

Then, Sir, I will go straight off to two other important points and they have been raised by my Honourable friends Mr. Kunzru and Mr. Chetty. I entirely agree with Mr. Kunzru that it is necessary that the convention under which the separation of railway finance took place in 1924, should be reconsidered. The convention provides that after three years it might be reconsidered. We have now had three Budgets since that convention was established; we want to appraise the results of the working of that convention on the railway finances as well as on the general finances of the country. It will further furnish us an opportunity to find out whether the huge expenditure of Rs. 142.58 crores which we have incurred on the rehabilitation of our Railways during the last five or seven years has led to their improvement and made their working economical or whether the old methods are still being pursued. I wholeheartedly agree with my friend Mr. Kunzru that interest on new constructions, until these new ventures have become paying, should be charged to capital and not become a burden on the revenue. I further suggest that the interest on open line works, on the marshalling yards, strengthening of bridges and all workshops and other works where capital is sunk, should during the period of construction be charged to capital and not to revenue. Until we have this, the really correct way of assessing the incidence of expenditure, we will never know whether the rates and fares we are paying are reasonable or excessive. We do not know what the real cost of transport is to-day. We do not know what the true cost of constructing a line is. We do not know the true cost of working a line. These three things ought to be known quite clearly and succinctly if we are to judge correctly whether the burden of rates and fares is light or heavy. We are not able to know these because of these camouflages, namely, that the interest during construction on new lines and on open line works is charged to revenue. Consequently we cannot see in a correct perspective their bearing on the revenue position and therefore we cannot have a correct idea of the working of Railways. For investigating these three things, we must have this convention reconsidered in the course of the next Session. The burden on the tax-payer will be clear from the fact that during the last five or six years the traveller and the trader have paid on account of interest and profits a sum of Rs. 62 crores and 12 lakhs which should really have been paid from capital or not paid at all. There is for instance 26 lakhs and 57 thousand of interest on capital works, 26 crores and 13 lakhs payment to the general revenues and 11 crores and 32 lakhs to the reserves. All these amounts have been a burden on the Railway customer which he is not bound to bear. The Railway Commission in New South Wales made it quite clear that the railway administration had no right to charge a single pie more than the cost of running the service and depreciation. Nothing more should be charged on transport. A great deal of lip sympathy was displayed when this separation of railway finance was under consideration that the tax on transport was a vicious thing. We find that in the course of three years the cost of transport has been improperly increased to the extent of 64 crores and 12 lakhs which the traveller and the trader

have borne. For that reason I would certainly like that the re-examination of this convention should be undertaken before the end of the next Session.

(At this stage Mr. President vacated the Chair which was occupied by Mr. M. A. Jinnah, one of the panel of Chairmen.)

We also want to know whether as a result of the examination of this convention we can see whether the railway industries have been encouraged as it was promised that they would be encouraged. I find that as a matter of fact the encouragement of railway industries is still to come. In the course of 5 years, on the rolling stock alone Government have spent 35 crores and 21 lakhs. Out of these 35 crores and 21 lakhs the amount spent in India is only 4 crores and 40 lakhs. I suppose nobody would seriously argue that this is encouragement of Indian industry when out of a total expenditure of 40 crores on rolling stock in the course of the last five years only 4 crores and 40 lakhs should have gone towards encouraging Indian industry. We will find out if we re-examine this convention why it was that the promise of encouragement of Indian industries has not been carried out. The question of Indianisation has always led to the bitterest controversy. Government maintain that they are Indianising. We maintain that they are Indianising in the wrong way and there is a bitterness behind this question which can only be assuaged if we go into committee and there consider whether there has been real Indianisation or not.

One further question remains and I want to dwell upon it at some length. My friend Mr. Chetty has rightly referred to the Report of the Raven Committee. I called it an indictment of the Railway Administration and I did not expect that this word would hurt the susceptibilities of the Honourable the Commerce Member and the Chief Commissioner for Railways so much that they would complain of it in both Houses simultaneously. But rightly or wrongly indictment it is. If any one had asked the Railway Board two years ago whether their stores policy and their workshop policy required any improvement they would have denied it hotly because the Railway Board are like the Pope infallible. Until they are found out they never admit that they made a mistake.

**Sir Clement Hindley** (Chief Commissioner for Railways): Who found it out?

**Mr. Jamnadas M. Mehta:** The Raven Committee.

**The Honourable Sir Charles Innes:** Who appointed the Committee?

**Mr. Jamnadas M. Mehta:** You never counted upon that, I am sure. At any rate two years before this Report you would never have admitted that your workshops and your stores reduction campaign were such rotten and hollow things. But so far as the stores reduction campaign is concerned it really amounts in the words of this Raven Committee to a sort of fraud on this country and the Legislature. What is it that your reduction campaign comes to? The amount of stores which the Inchcape Committee found as excessive was not 25 crores but 34 crores, if you will see page 38 of the Inchcape Report. Every year we were regaled with stories that it was being reduced, a special officer had been appointed on this campaign, and so on. Now the cat is out of the bag. The reduction amounted to nothing more than this, as Mr. Chetty pointed out, merely throwing away the stores out of the capital account and throwing it away it did not matter where. This Raven Committee is really compelled to say that this is not the way to reduce stores. They have in so many

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words told the Government that this method of reducing store balances is not an honest or a straight method and does not represent facts. Until now we were losing only interests on these huge stores balances; we are now being deprived practically of the stores themselves because we do not know how much of this 23 crores worth of stores which we are told is reduced, has been really lost and how much is accounted for. The Raven Committee says that nobody is really in a position to say anything definitely. Therefore this stores reduction campaign has been found out to be a campaign which was merely eye-wash.

I am bound to say, Sir, that the Memorandum accompanying the Budget is not the Memorandum which we considered in the Finance Committee. Whatever may be the merits of that Memorandum it is not the Memorandum which we have considered. The figures we are now told are the correct figures were not the figures we were told were the figures then.

**Mr. A. M. Hayman:** May I rise to a point of personal explanation, Sir, in the absence of Mr. Parsons. The figures differ because Mr. Parsons distinctly told the members of the Standing Finance Committee that he would alter the figures of the revised estimates if necessary because he had to take into consideration the approximate actuals up to a later date. He also explained that the alteration of the revised estimate figures might in consequence make it necessary to alter the budget estimate figures of next year slightly. He gave an undertaking that if the figures of the next year were altered appreciably he would consult the Finance Committee again.

**Mr. Jamnadas M. Mehta:** The question then really hangs on the fact whether they have been altered appreciably. With all respect to my Honourable friend, Mr. Hayman, I would point out that at least on the capital side there is hardly any figure which is not altered, and the alteration often amounts to lakhs. I have not made up the total, but the alterations are on every page and in almost every figure. However I have no time now to indulge in a dispute on this point, otherwise I should have gone into it. One important thing we have discovered is that the Assembly's authority over the Railway Budget is somewhat doubtful. In this very Budget we find that the delegation to the Agents of certain powers as a result of the separation of Railway Finances has led to disappointing results. We find much to our surprise that it has resulted in a transference of power which should belong to this Assembly to the Railway Agents. Here is the statement of the Great Indian Peninsula Railway Agent, and I congratulate him on his frankness which alone could have brought out this fact so clearly. He says it is now within the Agent's power to sanction works which cost under one lakh of rupees. There is no limit to the number of works. There may be 30 works, but so long as each is under one lakh the Agent can spend nearly 30 lakhs, even though not one may have been sanctioned by this House. Similarly, if only the Railway Board has sanctioned the programme, not the estimates, this Agent can spend a sum not exceeding 5 lakhs on any number of works; thus he may embark on 200 different works and so long as each of them does not exceed 5 lakhs he can spend 10 crores of rupees on works on which this House has never had an opportunity to express an opinion. It comes to this, that instead of the House voting on the Budget, it is the Agent who is using these delegated powers

to frame the Railway Budget for this country in the way he likes. I think, Sir, this, if nothing else, is a proof that the re-examination of the convention on which we entered 3 years ago has become absolutely imperative. Similarly we find that the Railway Board is going in for some 83 works of survey, about which the Assembly was never informed, during the debate on the current year's Budget; the amount of money to be spent on them is somewhere near 7 lakhs; after survey the programme is drawn up and if it is sanctioned by the Railway Board the Agent can spend money thereon. Where does the Assembly come in? 83 schemes of survey undertaken without the Assembly knowing anything! Last year we were asked to vote certain funds for survey. We voted them. Now we find that 83 new schemes of survey are undertaken which were never mentioned. (An Honourable Member. "Did they not inform you?") They never informed us until it was too late. I think, Sir, this is a scandal. It really deprives the Assembly of the power which the law gives it. The Agent spends money, the Railway Board spends money, and after all that has been cooked up this House is called upon to sanction it. The Railway Finance Committee is powerless. For all these reasons the time has come when a committee of this House should investigate this convention and re-examine whether the rights of the Assembly which were promised under the convention are substantially still accruing to the Assembly or whether they have gone back to the Railway Board and been usurped by the Agents.

**The Revd. Dr. E. M. Macphail** (Madras: European): Sir, it was not my intention to intervene in the debate. There was only one point to which I shall refer. I was extraordinarily interested in my Honourable friend Mr. Jamnadas Mehta's economic remark in connection with the ratio. He told us that wheat was being imported into Calcutta although wheat is grown so largely in India, and he ascribed that fact to the fall in prices. Now it seems to me an extraordinary thing that an Australian merchant should come here, perhaps in order to buy wheat. The one point I want to suggest to Mr. Mehta is that when the rupee falls, if the ratio goes to 1s. 4d., what will happen will be that prices will go up. Consequently, if that is the case, there will be a still further inducement for Australian merchants to bring their wheat and to sell it in Calcutta. I would merely submit that for the consideration of Mr. Jamnadas Mehta.

**Mr. Fazal Ibrahim Rahimtulla** (Bombay Central Division: Muhammadan Rural): Sir, I had not the good fortune to watch the career of the Honourable the Commerce Member during the 5 years that he has been in this Assembly, but from the little that I have noticed, namely, the passage of the Steel Protection Bill, I think he deserves the congratulations of this House. But, Sir, whilst I offer congratulations to the Honourable the Commerce Member, I cannot do so to the Financial Commissioner who is the Chairman of the Railway Finance Committee, because, Sir, it is the duty as a member of the Railway Finance Committee to point out certain irregularities that have occurred in the budget memorandum which was presented to the Railway Finance Committee and that which was presented to this House. The Honourable the Commerce Member has said in his opening speech that we owe the Finance Committee our grateful thanks for the able manner in which they have made a thorough examination of the Budget. Sir, whatever thorough examination of the Budget the Committee was able to make has been thrown to the winds by the alterations that have taken place in the Memorandum since then. I shall point out to this

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House one or two irregularities, as I shall call them after the explanation of Mr. Hayman that the figures have not appreciably changed. I will show you, Sir, irregularities amounting to lakhs and lakhs, and especially in those figures on which this House is so very keen. I shall take, Sir, page 14, in which amenities to third class passengers are mentioned. The figure that was given to us in the old Memorandum was 229.46 lakhs, and the revised figure is 219.58 lakhs. And item No. 7, additions and betterments to lower class carriages, has been reduced from 194.38 lakhs to 176.96 lakhs. The other thing is, Sir, that as regards housing quarters, we were told that the provision for completing bungalows under construction would be only Rs. 27,000, whereas we find here, Sir, in the revised estimates the figure is Rs. 3,23,000. Then, Sir, there is a question which my friend, Mr. Jamnadas and myself were very keen to solve, namely, the question that on the one hand the Railway Board say that they are going to charge 4 per cent. on the total amount invested and that they will not be able to get anything for the money except not more than 10 per cent. of the income of a particular officer. In that way, Sir, we recommended that the 10 per cent. rule should be deleted, and this is the result. The moment the Railway Board find that there is an occasion to change the already laid-down policy of the Railway Board in this housing matter, they put up the figure from Rs. 27,000 to Rs. 3,23,000. I think this House ought to understand once for all the responsibility in this matter and the way money is squandered by the Railway Department. I will take another point, Sir. It has been made much of here about Indianization. I want to tell the Railway Board that we want an Indian on the Railway Board for the simple reason, Sir, that we want an Indian who will be on the Railway Board to look at things from an Indian point of view, and it is this. Recently there were several representations before the Agent of the Bombay, Baroda and Central India Railway that we should have a reduction of fares for a certain pilgrimage, and I was told that he definitely turned down the proposal, but as a matter of fact we are having reductions of fares on the occasion of the Diwali holidays. I want to ask whether any commercial man goes out during the Diwali holidays, and still we find that there are reductions of fares on those days, but when we say that we want a reduction of fares because a large number of people wish to travel, then they say, "No, we cannot allow that because it leads to a decrease of revenue." The other point, Sir, which was debated at length in the Railway Committee was the question of the Kalyan Power House and in this connection I must say that the Railway Committee ought to feel thankful to my friend, Mr. Jamnadas Mehta, who was good enough to bring this point up, because that point was adopted at a Finance Committee meeting where Sir Darcy Lindsay and Sir Purshotamdas Thakurdas were present. Sir, at that time only a matter of 5 lakhs was mentioned in spite of the recommendation to the contrary, namely, that more facts were wanted. To-day, Sir, we are asked to sanction a sum of Rs. 40 lakhs for that thing. While on the one hand Government tell us that they are going to protect the steel industry and that they will look at the question from the Indian point of view and in the best interests of the country, here it was said that by an agreement they would get the cheapest power, and still they say, "No, we do not want it, we will have our own Power House and spend no less than one crore of rupees for that Power House." Sir, it has been a recognized fact that the railways should give facilities to the commercial people, and I



would like to ask, Sir, what action have Government taken in that direction? What about the reduction of freights for different commodities? I hope here the Railway Board will take that also into consideration in order to facilitate trade which is now in a very bad position. I agree with my friend, Colonel Crawford, about the road transport. I think, Sir, this question also should be taken into consideration which will help the railways rather than that the roads should compete with them. I, Sir, want to bring to the notice of this House one more question, and that is about the Local Advisory Committees. I have been on the Local Advisory Committee of the Bombay, Baroda and Central India Railway, and my friend, Sir Purshotamdas Thakurdas, will bear me out that whatever useful suggestions we were able to make, we were told that they would be subject to the Railway Board's approval, and proposals were simply turned down in most cases, reducing the Committee to nothing but a farce. I will mention one question, and Sir Purshotamdas Thakurdas will bear me out—that is the question of having return tickets. The Local Advisory Committee by a large majority thought that the best way to give facilities to the trade people was to have return tickets on the Bombay, Baroda and Central India line. That was adopted, and the Agent said that he would communicate the decision to the Railway Board. We were quietly told afterwards that that cannot be done because of the decrease of revenue. I hope, Sir, if they want the Local Advisory Committees to work in a spirit of harmony, they will pay full consideration to their working and see that those Committees are really useful, as is hoped by the Honourable the Commerce Member.

**Mr. T. Prakasam** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, I shall confine my remarks to the policy of extravagance of the Railway Board and the policy of development. The Railway Board came into existence, I believe, in 1905. If we look at the operative ratio, we will know what the increase in expenditure is in proportion to the gross income. No body will be convinced that we are making any real and substantial progress, but on the other hand it will be clear that much of the expenditure which could have been avoided has not been avoided. In this country, which has become so very poor, if only the appeals issued from this Assembly by the great leader, the departed leader, Mr. Gokhale, with regard to this matter 17 years ago and by others during the last 17 or 18 years, were followed, things could have improved considerably. If you compare the figures quoted by Gokhale in the Assembly then with a view to point out to the Government how matters were going from bad to worse year after year and what means should be devised to put a stop to the increasing expenditure, you would be able to know where we stand to-day with regard to this expenditure. What is the remedy? What could have been done? These are very simple matters, if only the Government is one which is really interested in the uplift of the poor tax-payer for whom so much of solicitude has been evinced lately. If only the Government had taken their position into serious consideration, matters would have been different. Now, Sir, in this Budget Demand, No. 1, the total sum for the pay of officers and establishment comes annually to over Rs. 14 lakhs. Japan is a country that is on this side of the world. China is a country that is close to us. If the standard adopted there for the salaries of officers, who correspond to the Chief Commissioner of Railways and the other high officers here, is compared with that prevailing here, you will find a vast difference. It cannot be contended by any

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reasonable person that efficiency is wanting in Japan. I shall just read the scale of pay of officers in Japan :

The Railway Minister gets Rs. 1,020 a month. Another officer called the Vice-Minister who is also the Engineer-in-Chief gets Rs. 812-8-0 a month. The Director of the Central Board gets Rs. 650 a month. Councillors get Rs. 650 each and Divisional Superintendents get Rs. 650 a month; the Engineer gets Rs. 750 a month; private secretaries get Rs. 558-8-0 each; junior secretaries get Rs. 512-8-0; assistant superintendents Rs. 240 each; the lowest employee gets Rs. 46 a month. These are the figures of 1918. That is the scale. If the Indianisation which has been held out for so long a time had been carried out, if Indians had been made responsible for these matters, they could have been working on a similar scale of pay here without having to incur so much expenditure as Rs. 14 lakhs every year. The minimum wage in Japan is Rs. 46 a month. What is the minimum wage in India? On page 3—Demand No. 2—the minimum wage is given as Rs. 9. If you compare the figures, you will find that India stands lowest in this respect. Rs. 9 for one man is the lowest in the whole world. (*An Honourable Member*: "For four people.") There might be more; those who have known them in their own homes certainly can realise that in India the proportion works out, Sir, at 1 to 666. Whereas in Japan it is 1 to 22, in China it is 1 to 32, in Italy it is 1 to 6, in Belgium it is 1 to 8, in Denmark it is 1 to 5, in Sweden 1 to 5, in France it is 1 to 12, and in Norway 1 to 7, it works out in India at 1 to 666. Putting it in plain words, the highest officer in Norway who corresponds to the Chief Commissioner here who draws over Rs. 6,000 a month or Rs. 72,000 annually—the highest officer there gets for the whole year Rs. 16,665. That is the maximum, while the minimum salary is Rs. 2,250 per annum. The proportion is 1 to 7. In France the annual salary for the highest officer is Rs. 30,000 and for the lowest Rs. 2,375—the ratio is 1 to 12. In Sweden the highest officer gets Rs. 8,750 or 10,500 kronas. In Denmark 12,200 kronas annually is the pay of the highest officer corresponding to the Chief Commissioner here, when converted into rupees it is Rs. 16,000 per annum; while the minimum is 3,986 kronas or Rs. 3,320. In Belgium the highest officer gets Rs. 17,500 per annum while the minimum is Rs. 2,187 or in francs 28,000 francs and 3,520 francs respectively. In Italy the highest officer gets a salary of 27,000 liras or Rs. 16,200, while the minimum is 4,200 liras which is equivalent to Rs. 2,850.

**Mr. P. B. Haigh** (Bombay: Nominated Official): May I ask the Honourable Member if he could supplement those figures by giving us also the mileage of railways in each of those countries?

**Mr. T. Prakasam**: I could supply the mileage and everything if my Honourable friend will wait for a minute. The figures I have given are not the imaginings of my brain; they are hard facts; I have collected them from books and the other material also will be supplied. In China the maximum is 9,600 dollars while 300 dollars is the minimum annual salary. In Japan maximum is 666 yen per mensem or Rs. 1,020, while the minimum is 30 yen per mensem or Rs. 46. Now, Sir, I wish to point out to the Honourable Members here that the minimum salary in this country is Rs. 9 a month and starting from that small increases are given.

Now, Sir, what is it that has been the cause of the strike at Kharagpur? My Honourable friend, Colonel Gidney, in the course of the discussion

the other day, pointed out that there was a rule or resolution passed by this very Government that in the matter of dismissals there must be an inquiry and also notice should be given. At Kharagpur the complaint of the labourers was that there were dismissals of 30 chowkidars on one occasion and an equally large number on another occasion, that they did not get any notice and no inquiry was made. That was the first complaint. What did they do after that? They are labourers who are trying to organise themselves. They have not organised themselves yet sufficiently. They had to make representations to the responsible authorities. When they made representations, and hopes were held out for some time that redress would be given and when after all nothing was forthcoming, the only weapon that was left in their hands was to say that they could not get along with the work. That is a legitimate and constitutional weapon; it is a recognised principle that when they go on strike they should be dealt with in a legitimate manner. But what is happening now? I have got here in my hand a paper giving the details of what is happening to-day in Kharagpur, what is being done by this Auxiliary Force . . . .

**Mr. Chairman** (Mr. M. A. Jinnah): I must draw the attention of the Honourable Member to the fact that the President has already ruled that we are not discussing the strike question now.

**Mr. T. Prakasam**: Nor have I any desire to enter into any controversy over that. But in a matter of this nature, when I was dealing with the minimum pay of the labourers, that is Rs. 9 per head, and when they have got into trouble over it, I thought I must refer to the Kharagpur affairs, and I was only referring to this question incidentally,—it was far from my intention to deal with the strike that is now on, and after the ruling of the Chair, I shall not deal with it. Now, Sir, these poor labourers complain of the inadequacy of their wages, and when they complain, it is the duty of the officers in charge, it is the duty of the Railway Board, it is the duty of the Member in charge of this Department, to investigate into their complaints and do something to remedy them. Instead of that, if the authorities take up an attitude of coercion, what is the remedy for these poor people? This is the most appropriate place where one deals with the minimum pay of these wage earners, to discuss this question, this is the most appropriate place where one deals with the minimum wage of the labourers on whose work the whole of the railway system has been built, to whose labours and to whose labours alone your profits of crores and crores of rupees on your budgets can be traced. It is those who should be kept contented; it is their grievances that should be first looked into and remedied. If they are neglected, then it shows that there is something wrong in the administration of the departments under the Railway Board. Now, this Budget shows to us the minimum pay of Rs. 9 to our labourers and the top salary of so many lakhs of rupees. It is a most miserable state of affairs. I would submit, Sir, the policy of the Railway Board should be to bring it into line with that prevailing in other countries of the world, to which I have already referred. If this top-heavy administration were changed and if Indians had been made responsible for the administration of the Indian Railways, it could have been carried on at a much less cost and the balance of the money could have been found for other and more useful purposes.

**Mr. Chairman**: The Honourable Member has exceeded his time limit already.

**Mr. T. Prakasam:** Then I will sit down, Sir.

**Mr. Chairman:** No, you can finish your speech.

**Mr. T. Prakasam:** I wanted to say something more, Sir, on other matters, but I shall reserve it because my time is up.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muham-madan): Sir, I have no desire to take up the time of the House at the fag end of the day with lengthy observations of my own. But there are just one or two points which I should like to bring to the notice of the House.

In the first place, Sir, I should like to congratulate the Railway Board for the courage which they have shown in publishing the Report of what is called the Raven Committee. That document, as has been rightly pointed out, is an indictment on some of the methods of railway administration. It reveals a state of things which casts a serious reflection on the Railway Board. May I know, Sir, who is responsible for the loss of crores and crores of rupees which is involved in the policy which the Railway Board have been pursuing with regard to railway workshops and store balances? It is no doubt refreshing to see both the Honourable the Railway Member and Sir Clement Hindley welcoming the Report, but the point is, why were things allowed to be managed in such a way as to result in enormous loss of public money?

Another point to which I should like to refer is the question of Indianisation, but as this question will form the subject of a separate motion which is coming on later, I shall not take up the time of the House beyond saying that the process of Indianisation has been going on at snail's pace, and in some cases the process has actually been retarded.

I should also like to make a brief reference to the subject of the reduction of railway fares, especially for third class passengers. I am sorry to say that my Honourable friend Sir Charles Innes in the course of his budget speech stated that he was not in the happy position of announcing any further reduction of rates and fares in 1926-27. But what is his achievement in this respect? Railway fares have no doubt been reduced in some cases, but on a few railways only; and then also the lion's share of reduction has gone to upper class passengers. The poor third class passengers who contribute mostly to the earnings of the Railways have as usual been inadequately dealt with. The relief which they have got in the shape of reduction in fares is very meagre, and is only meant for long distance travellers. But I think the average lead of third class passengers is about 33 miles, and it is these people who stand mostly in need of relief, and to whom no relief has been given. The Honourable the Railway Member refers to the decline in railway earnings and attributes it to the reduction in fares; but Sir Clement Hindley in course of his Budget speech makes the following observations:

"A late crop, a failure to market or the absence of rain at a critical period may easily affect the earnings of a week by a good many lakhs, while a cumulative loss of a few lakhs a week very soon mounts up to a heavy loss in the aggregate."

I suggest that if the fares of lower class passengers had been substantially reduced and also included within its scope short distance travellers, I venture to think that that would have afforded a great stimulus to travelling and there would have been no falling off in the earnings on this account.

My Honourable friend Sir Charles Innes in the course of his speech says:

"Up to the end of July in spite of reductions in passenger fares and coal freights, we were ahead of the earnings of last year. The monsoon seemed promising, and we had hopes of a really good year. The prospects took a turn for the worse, and now we expect our earnings from goods traffic to be worse than our estimates by 2½ crores and our earnings from passenger traffic to be worse by nearly 1½ crores."

I may here note in passing that whatever reduction in fares might have taken place on some of the other Railways, the Bengal and North Western Railway has done nothing in this matter. In some cases the fares were increased during the War, and they have been kept up to that level ever since. I venture to urge, Sir, that steps should now be taken to bring about an all round reduction in fares, at least for lower class passengers, who form the bulk of the railway customers.

Sir, I shall also, with your permission, refer very briefly to just a few other points, so far as the Bengal and North-Western Railway is concerned. The worst scandal,—I have no other word for it—which was prevailing on that railway was the practice of conveying third class passengers in goods vehicles on occasions of fairs and festivals. I repeatedly brought this evil to the notice of the Government in this House, and I am glad to say that on the occasion of the last Sonapur fair, better arrangements were made, and the use of goods vehicles for conveying passengers was dispensed with. I would like to congratulate the Bengal and North-Western Railway administration on this improvement, and I trust that goods vehicles will never in future be utilised in the conveyance of passenger traffic on any occasion.

The next point to which I should like to refer is the general overcrowding of third class passengers, on all railways, and specially on the Bengal and North-Western Railway; and also their difficulty in purchasing tickets. The third class booking office is seldom open sufficiently early to allow passengers to take their tickets, and the result is that quite a good lot of them are either left behind or are compelled to travel without tickets. This is a point on which too much stress cannot be laid, and I earnestly ask the Government and the Railway Member to devise some effective means by which booking offices for third class passengers may be kept open for 24 hours at important stations and for at least an hour or half an hour at small stations before the arrival of trains.

There are other matters also which I should have liked to place before the House, but as they fall under one or other of the list of Demands, they could be more usefully discussed on those occasions.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadian Rural): Sir, I am very glad that my Honourable friend, Mr. Jamnadas Mehta, has after all realised that by agreeing to the convention with regard to the separation of railway and general finance, this House has parted with some powers that it possessed. It is a point which I urged on the attention of this House in the autumn of 1924 when this convention came up for discussion. I pointed out that, while speaking in the Council of State less than a week before the matter came up to the Legislative Assembly, the Honourable the Commerce Member had stated that, unless some powers were taken away from a popular Assembly, it would not be wise to leave it to control a business concern like the railways. Quite a different attitude was taken.

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up by my Honourable friend, Sir Charles Innes, in the Legislative Assembly, and he tried to convince us that we were not surrendering a title of the power that we possessed. Sir, again, in 1925, while discussing the Railway Budget I drew the attention of the House to the fact that under the scheme of delegation of authority by the Railway Board in favour of the Agents, this House once more was surrendering some of its powers. This is what I said on that occasion :

"There has been a beginning made in the delegation of authority from the Railway Board to the Agents and my idea is that this process of delegation may proceed to a far greater extent than would be desirable in the interests of the Indian tax-payer."

And then later, I said :

"I want the House to understand what the implication of the complete delegation of authority by the Railway Board to the Agents will be. To the extent that the Central Government delegate their powers to Agents, to that extent we in this House will be relaxing our control over railway management."

Sir, on that occasion, Mr. Jamnadas Mehta, who followed me, took quite a different attitude from what he stated to-day. He tried to support the Government theory that it was in the best interests of the Railways themselves that this House should surrender some of its powers over the railway administration. This is what he stated :

"Then, Sir, a great deal has been said about the independence of the Agent. I think it is no use quarrelling over how much power he must have and how much he must not have. The ideal has been laid down very clearly and properly by the Acworth Committee. I think it is impossible for this House to exercise any meticulous control over the Agent if real commercialisation is to materialise—it is impossible much as we should like it."

Then again, last year, when discussing the Railway Budget, I congratulated the Honourable the Commerce Member for having taken away some of the powers of this House, and that with the consent of this House. I am very glad, Sir, that a change in the outlook of my Honourable friends occupying the Swarajist Benches has been brought about after all. I want to add that I support fully the suggestion that has been made that the convention requires re-examination in the light of the experience gained in its working.

Sir, a melancholy interest attaches to this Budget inasmuch as this will be the last which Sir Charles Innes will present to this House. Sir, a distinguished servant of the Crown is about to relinquish his reins of office, and I pay my tribute of respect and admiration for the great qualities which Sir Charles Innes has shown in the administration of the different subjects under his charge. But, Sir, if I have any complaint against him more than any other, it is that he should be at all presenting the Railway Budget. I am reminded that not less than three successive committees, —the Sir Hubert Llewellyn Smith Committee, which reported on the Government of India Secretariat organisation, the Acworth Committee and the Inchcape Committee.—all these three committees were unanimous in recommending that the portfolio of the Railways should be committed to a Member who should be in a position to devote almost his undivided attention to the Railways. The Acworth Committee made a recommendation for the creation of a portfolio of communications including the Railways and the postal and some other cognate subjects. But, Sir, this is one of the most important recommendations which has not been given effect to by Government. And why? Because, as I maintain, according to the Government

view, neither Commerce nor Railways can be entrusted to an Indian; because, if you were to separate the two, either of the two subjects would have to be made over to an Indian Member. We cannot conceive of the Honourable the Home Member or the Finance Member taking charge of any more work. Therefore, we come to this, that either the Railway or the Commerce Department would have to be entrusted to an Indian Member. Sir, that decision of the Government of India not to give effect to the Acworth Committee's recommendation in this behalf typifies their attitude towards the railway question. It is, if not positively anti-Indian, certainly decidedly not pro-Indian—the policy of the Government of India with regard to the railway administration.

Sir, a good deal has been said with regard to the programme of new construction. I do not find my Honourable friend, Mr. Duraiswamy Aiyangar, in the House. He took my Honourable friend, Mr. Sesha Ayyangar, to task for having criticised the policy of extension. Much as we like facilities to travel, I am afraid that this policy of railway expansion is being undertaken quite as much in the interests of Great Britain as in the interests of India. (*An Honourable Member*: "More in the interests of Great Britain.") When Sir Charles Innes took over charge of the Railway Department, Railways were in a chaotic condition. Sir, the railway revenues had been raided on account of the exigencies of the war. Their necessary renewals and repairs had been postponed. Amounts which ought to have been laid by as reserves had been distributed as dividends in England. This was the state of affairs when Sir Charles Innes took charge of this portfolio, and the first attempt which he made to put the Railways on a proper basis was to get this House—rather the predecessor of this House—to agree to a programme of rehabilitation to the extent of 150 crores of rupees. That was in 1922. That was followed by a legislative measure in the House of Commons, the East India Loans Bill, and we find that, while this Bill was under discussion, also on previous occasions, the Members of the House of Commons brought a good deal of pressure to bear on the Government, and asked them to see their way to expedite the railway programme in India. They said: "Here is the report of the Acworth Committee recommending expansion of the Railways: what are you doing? There is unemployment in this land." Members of Parliament pressed the Government of India to give effect to the policy of expansion of the Railways as recommended by the Acworth Committee. One Honourable Member of the House of Commons put it like this:

"Employment might then be found for the people there (that is to say India) and that employment might again percolate to this country through the supply to India of engines and other things they are in need of."

Sir, it is impossible for any one to go through the proceedings of the House of Commons in those days and not to be struck by the insistence with which this question was brought up time after time. One Member, whose ire was roused by the fact that some small contract had been placed in Germany, raised a hue and cry, and suggested that the East India Loans Act itself should be amended in order to make this impossible in future. Sir, in April 1922, we find no less a person than the Under Secretary of State for India making this statement:

"To those of my Honourable Friends—some of whom have approached me privately while others spoke in the Debate—who have expressed apprehension, very largely on account of their constituents, in regard to the purchase of manufactured railway and other material required in India, I would say that there is no reason for their thinking that they will not get the bulk of this business."

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Then he added that it was impossible for him to "lay down as a pledge that the material will be purchased here." But he purported to say "All the same you will get it." That was in 1922. Sir, later when we come to as late a day as July 1925, we find an Honourable Member in the House of Commons suggesting that the British Government should press the Indian Government to go on with the great programme of new railway construction which was so strongly pressed by the Acworth Committee, and later he said:

"It is desirable in India's interest that the railway programme should be put in hand, and it is still more desirable from the British point of view that something should be done with India's consent and co-operation which will help to produce employment in this country."

Sir, that consent we are being asked to give to-day; the consent which we gave last year also and which we are expected to repeat to-day. Sir, on that very day we find no less a person than Sir Alfred Mond making an inquiry as to "whether the British Government by the use of its credit cannot do something to help both our country and the Indian Government." Sir Alfred Mond continued:

"When I was Chairman of the Cabinet Unemployment Committee, a scheme was put forward, and was under consideration by which by the use of Indian Government credit supplemented by our own we could obtain orders for Indian railway programme",

and he made inquiries as to what action had been taken in the matter. Earl Winterton, Under Secretary of State for India, referred to the complaint about the small amount of money that was being spent in India on the construction of railway lines and referring to Sir Alfred Mond's point, tried to reassure the House that everything that was possible was being done. He was so pressed, that he found it necessary to make an apology for the limited resources of India. He said:

"It is quite true that in India, for its size, we have a railway mileage which is very small compared with many countries, but while the Right Honourable gentleman compared that with countries like Canada, I think it would be fairer to compare it with other countries in Asia, when he would see that it is greatly in advance of the mileage of those countries."

Sir, this is why I say that a new programme of railway expansion has been undertaken as much in British interests as in the interests of this country, and that explains the feverish activities of the Railway Department in bringing up proposals of new construction. Before I conclude, I would urge on the Honourable Member in charge the desirability of having separate accounts maintained in regard to these various new constructions which are being undertaken in order to enable this House to examine as to how far the expectations are realised: because, I may say, with some little experience as a member of the last Standing Finance Committee for Railways, that it is not possible for the Railway Finance Committee to have any proper check over the construction of railways which may not be justified on financial grounds. We are supplied with a statement prepared by the Agent showing what is the likely amount to be spent on the construction. Then there is an estimate as regards probable traffic and then the percentage of profit is worked out. Everything has got to be taken on trust. It is necessary to examine as to whether the estimate of traffic or the estimate with regard to the capital cost of the construction is borne out by experience. And if once you allow the



accounts of these branch lines—these extensions—to be merged in the accounts of the main lines, there will be no basis either for the Standing Finance Committee or for this House to go upon, for the purpose of satisfying themselves as to whether the estimates on which these schemes are based have at all been borne out by experience. Sir, I do hope that this small point will be borne in mind by the Railway Department.

**The Honourable Sir Charles Innes:** Sir, I am in the usual trouble that every Member in charge is when he attempts to reply to a debate of this kind. So many points have been raised that it is quite impossible for me to deal with them all. Honourable Members in the next few days will have an opportunity of bringing up, possibly in a more concrete form, particular subjects in which they are interested. There have been three questions of more or less general interest which have been raised to-day. One, of course, is the question of the ratio, and its effect upon the Railway Budget. Sir Purshotamdas Thakurdas, Sir Victor Sassoon and Mr. Jamnadas Mehta have all had what I might call little trial spins. They have been sharpening their swords against the great day of the Ratio Bill. Sir, I do not propose to engage myself to-day in that controversy more than I can help, but I must confess that I was interested in some of the remarks of Sir Victor Sassoon. If I understood him correctly, he told us that the immediate reaction of a 1s. 4d. rupee would be no more than a difference in the cost of living of  $1\frac{1}{2}$  or 2 per cent. I thought myself that one of the reasons why the Bombay Millowners' Association, which my Honourable friend represents so ably, was anxious for 1s. 4d. was that they will be able to raise the price of their cloth by  $12\frac{1}{2}$  per cent. I have always been told, Sir, that another reason why Sir Victor Sassoon and his friends are anxious for 1s. 4d. rupee is that thereby the agriculturist will get  $12\frac{1}{2}$  per cent. more for his produce. It seems to me that if these two statements are correct, there must be something wrong in what Sir Victor Sassoon told us this morning. Then, Sir, I come to Sir Purshotamdas Thakurdas. Sir Purshotamdas Thakurdas, if I understood his argument correctly, referred to a certain statement in Mr. Parsons' Memorandum and said as follows. He pointed out, quoting me, that wages in the Railways have been greatly raised in 1919 and in subsequent years also. He also quoted me to show that since those wages have been raised, prices have fallen. Therefore, real wages in the Railways now are much greater than they were in 1919. Therefore, I understood him to go on to say, the 1s. 4d. rupee, though it might raise price levels and thereby affect some—I will not say how much—concealed reduction in wages, yet would leave the employees better off than they were in 1919-20, and therefore, as I gathered, the point of his argument was that we need not hesitate to alter the ratio. Well, Sir, the only remark I want to make on that is that whatever rate you may have, whether the reduction of wages—railway wages or other wages—be concealed or open, for the last several years our railway workers have got themselves accustomed to a certain standard of living at their present rate of wages, and if you reduce those wages, whether by concealed reduction or open reduction, I am perfectly sure that there will be trouble. Mr. Jamnadas Mehta quoted certain figures of the mileage earnings and he went on to say that because our earnings per mile had gone down in the last two years it was all due to the ratio. I am afraid the ratio has become an obsession with my Honourable friend, Mr. Jamnadas Mehta. One reason why our earnings per mile were heavy in 1924-25 was that we had a particularly good wheat

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crop and particularly good earnings on the North Western Railway. The wheat crop in 1923-24 which we carried in 1924-25 was  $9\frac{1}{2}$  million tons. Last year and the year before it was a million tons less. I suppose that even Mr. Jamnadas Mehta will not say that the ratio is responsible for the failure of the wheat crop.

The next question of importance that has been raised is this question of the re-examination of the convention. I quite agree with Mr. Kunzru that the House is entirely within its rights when it wants the convention to be re-examined. The terms of the convention are that this separation arrangement shall be in force for at least three years but that it is subject to periodical revision. If there is any general desire in the House that the whole question should be brought under review again the House may take it from me that the Government will not stand in its way. I myself would prefer to wait for some time longer. For one thing I think we have got to give time to this great experiment to work itself out. In the second place, Sir Arthur Dickinson's report may have a considerable bearing on this question, and for that reason I should prefer myself to wait for some time longer before re-examining the whole subject. But as I have said, if the House is anxious to have the whole matter brought under review I myself will certainly see that the Railway Board does begin a preliminary re-examination of the subject. But my only fear when I heard Mr. Jamnadas Mehta's speech was that his object in having that convention re-examined was in order that he might find money to assist what I would call the 1s. 4d. ratio. But I hope that my Honourable friend is not falling away from grace. I remember two years ago his pointing out in this House how merciless the House was in fleecing out of the railway administration every penny that the general Budget could get; and Mr. Shanmukham Chetty only last year expressed his personal disapproval of the general revenues taking any money out of the railways. What they indicated in their speeches then was that the Railway should be required to balance its Budget and no more and if we could earn more than that it should be devoted to improving the services and reducing freights and fares. I do hope that when Mr. Jamnadas Mehta is so anxious to have a re-examination of the convention it is not with the idea of screwing out more money from the railways for general revenues . . . .

**Mr. Jamnadas M. Mehta:** No, no.

**The Honourable Sir Charles Innes:** And that it is not with the idea of going back upon an arrangement which I am sure every Honourable Member will agree with me in saying has been of the greatest service to the Railways. I need only point out the difference between the Railway Budgets of, say, 4 or 5 years ago and the Railway Budgets now. Mr. Kunzru complained that even now we were not giving the Budget in as much detail as he would like. Before we had this separation I think I am correct in saying that the Railway Budget was put up in two Demands and the House had at the utmost a day or a day and a half for discussion. Now we put up the Railway Budget in 15 separate Demands and the House has a whole week for the discussion of it. That is one of the advantages we get from the separation, and one reason why I am perfectly prepared to have the matter re-examined is that I am sure that the more the House

re examines the separation the more will they agree that it is the right thing for our Indian Railways. Even Mr. Neogy, who has always been a great disbeliever in separation—he was always afraid that separation would relax the control of this House though it does not, not in the very least—even Mr. Neogy admits that in the past the Railways were in a chaotic condition—I use his very words—and they are not in a chaotic condition now and that is very largely due to the separation of the railway from the general finances.

The other subject of more or less general importance which was discussed was the question of our policy of railway development. Mr. Sesha Ayyangar—I do not see him in his place—thought that we were going ahead too fast, and Mr. Neogy inclined to take the same view. But I am glad that most of the other Honourable Members who spoke, from Sir Purshotamdas Thakurdas onwards, all agreed that the right policy for India is to develop our railway system as far and as fast as we prudently can. I myself am a strong believer in that policy and I should like particularly to emphasise what Sir Purshotamdas Thakurdas said himself, namely, that our new development should as far as possible be directed towards filling in the interstices of our present railway system in order that we may bring agricultural tracts within the network of our railway system. And I believe myself that there is nothing that we can do which is better for the agriculturist and therefore India.

Before coming on to Sir Purshotamdas Thakurdas's speech I should just like to refer to the speech which Mr. Neogy made.

Mr. Neogy began with a compliment to me for which I am greatly obliged to him. But, Sir, I must confess that the rest of his speech filled me with depression because it was full of suspicion if I understood him correctly. His first suggestion was that when in 1921-22 I moved that this House should agree to a programme of rehabilitation what I had in mind was the benefit of the British manufacturer, and he has suggested that in all our programme of railway development our sole or main object is the benefit of the British manufacturer. Surely the time is past for making statements of that kind. Surely I can ask the House to believe that when the Railway Board and myself have done our best to bring the Railways back into a proper condition and when we are doing our best to extend the railway system of India our sole thought is to do what is best for India. And let me tell Mr. Neogy, since he has been reading the House of Commons debates to the House, that I myself was taxed on this subject at the Imperial Economic Conference. I sat there at the table with all the Prime Ministers of the Dominions and the question came up whether preference should not be given to British manufactures when we were purchasing in England. The Dominion Premiers one after another all agreed to that principle and all stated that they had already enforced it. And when it came to me—and mind you, at that table I was representing 5 times as many people as all those Dominion Premiers put together—when it came to me I said, “No, we will not do it”. I refused to commit India to any preference of any sort or kind. Let the House remember the part it played in that game. Mr. Neogy will remember that in September 1921 Sir Vithaldas Thackersey raised this very question on the floor of this very House and in response to that we issued the clearest instructions to the High Commissioner on this subject. Mr. Neogy also

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knows that twice a year we publish in the proceedings of this House a statement of cases in which the lowest possible tender has not been accepted by the High Commissioner for India, so that this House may satisfy itself of the reasons why those tenders were not accepted. Mr. Neogy knows these facts just as well as I do, and since he knows them I put it to him that it is not right to suggest that in the action that we take and have been taking I and the Railway Board have been actuated by any motive other than that of doing what is right for India.

[At this stage Mr. M. A. Jinnah vacated the Chair which was resumed by Mr. President.]

Sir Purshotandas Thakurdas congratulated me on my frankness and other Honourable Members have congratulated me on my courage; they were referring of course to the publication of the Raven Committee's Report. You may either regard it as one of the limitations under which the Railway Board works or one of the advantages under which the Railway Board works. But the fact remains that the Railway Board works in the pitiless glare of publicity. I believe myself that even now the railway workshops are probably the finest engineering shops in India. I believe that they are better than any other workshops you may find in India. Nevertheless we happen to have one who, I suppose, is one of the finest mechanical engineers in India, Mr. Wrench. He told us that he did not think that the practice in our workshops was up to modern standards. He told us that he did not think that the equipment of our workshops was up to date. And it was for that reason that the Railway Board appointed this Committee. We put on it a past President of the Institute of Mechanical Engineers and we put on it Mr. Wrench, the very officer who had told us that he did not think that our workshops were completely modernised. Sir, we got, as I said in my speech, exactly the sort of report we wanted—perfectly frank, perfectly outspoken, and I am quite prepared to say, a severe criticism of some of our workshops. But, Sir, surely this House, I think, ought to be grateful to us for not fearing exposures of this kind. We are quite prepared, if it is brought to our notice that our methods are not the most modern, to publish the results of these investigations and then to go ahead and put our shops in order. And I submit, Sir, that it is not wise for this House to discourage either the Railway Member or the Railway Board from following that course of action. I see no reason why I should be afraid of bringing these facts to the notice of the House. I may get criticism and I have no doubt I deserve criticism. The Railway Board no doubt deserves criticism. But the real point is that we get in the end the best results for Indian Railways and that we work constantly and steadily towards efficiency and economy. Mr. Chetty suggested that all this amount of money which we were spending on workshops was being spent in order to enable us to overtake the arrears of repairs. I am not sure whether Mr. Shanmukham Chetty knows that a locomotive goes into a shop once in two or three years. A wagon goes to a shop once in two years; and Sir, the more efficient our workshops, the more modern our machinery, the quicker is the repair of that locomotive. The less time it takes in the shop, the more time it spends on the railway. That definitely makes for a better wagon user and is actually remunerative to us. That is the reason why we instituted this inquiry for bringing our workshops up

to date. Sir Purshotamdas Thakurdas referred to the wagon position. Here again I am quite prepared to admit that we have got ourselves into what I may call a mess. It is perfectly true, as Sir Purshotamdas Thakurdas pointed out, that five years ago we got this House to agree to a programme of 150 crores for rehabilitation. At that time, as Sir Purshotamdas Thakurdas knows, because he was a signatory to the Acworth Committee's Report, the thing that was brought more and more forcibly to the notice of the Acworth Committee was what I may call wagon shortage. I have got here extracts of the evidence given before the Acworth Committee and almost every one refers to the fact that traders and industries throughout the country were being held up for lack of wagons and we did set to work to spend very large amounts of money in buying wagons also. I am quite prepared to admit that the lack of other facilities were brought to notice and that we spent a large sum of money in putting up marshalling yards, regrading lines, in doubling tracks and in making many other improvements. What we did not do was to co-ordinate all our work and it was only last year that the Railway Board settled down to co-ordinating the results of all the work we have done in the rehabilitation of our works. In doing that we were merely carrying out the prescriptions of that Committee of which Sir Purshotamdas Thakurdas was so distinguished a member. The Acworth Committee brought out in its Report that one of the complaints against the Railway Board was that the Railway Board was constantly immersed in detail and that it was unable to go about the country and was unable to sit down and watch and think and plan, to use the words of the Acworth Committee. We have altered all that on the recommendation of the Acworth Committee and the Railway Board has now become what I may call the General Staff of Indian Railways. It has taken up in turn each department of this vast organisation, examined it and tried to find out what is wrong and put it right. It was only last year—I freely admit it—that we really settled down to this wagon problem and began to make a scientific examination of the wagon position and in this we were helped by our new statistics. That is how we discovered this position, that our wagons stock was in excess of requirements. Great play has been made of a phrase used by Sir Clement Hindley in a speech last year, namely, that there were 80,000 wagons in excess. As everybody knows in the monsoon months our trade drops and we always have a large number of wagons standing idle. In the busier months of the year naturally the number of wagons stabled becomes very much less and though it is a fact that during three months of last year we had 80,000 wagons stabled now we have got nothing like that number idle. I imagine the number of wagons out of use at the present moment is not more than 5 or 6 thousand, this being the busiest time of the year. The real point is this. The outstanding feature is that though we have got surplus wagons at the present time, at any rate, we are not in the position we were in, five years ago, of not being able to meet daily demands for wagons. Members of this House who were in the first House will bear me out when I say that there was nothing in those times for which I was attacked more by every industrialist in the House than that the Railways were unable to meet the daily demands of traders and industrialists in India for the wagons required for the transport of their products. It is possible that the pendulum has swung a little far in the other direction, but the House will realise that it is impossible to do constructive work of this kind without making mistakes.

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Sir Purshotamdas Thakurdas told us that a statement of claims for compensation was put periodically before the Local Advisory Council of the Bombay, Baroda and Central India Railway and he suggested that it might be advisable if a similar procedure were followed in other Railways. I merely mention the point because I want to inform the Honourable Member that we have already issued instructions to that effect. We have asked other Railways to copy the procedure followed by the Bombay, Baroda and Central India Railway in that respect.

Colonel Gidney made the astonishing statement that reductions of fares had been confined to State Railways. I have here—I will not bother the House with it—a list of the Railways in which reductions of fares were made and they include every Company Railway in India—the Assam Bengal Railway, the Bengal Nagpur Railway, the Bombay, Baroda and Central India Railway, the Burma Railway, the Madras and Southern Mahratta Railway and the South Indian Railway. Colonel Gidney also went on to say that there was no security of service on Indian Railways and Colonel Crawford also suggested that it would be advisable for the Railway Board not to think too much of mechanical efficiency and economy but to apply a little more attention to the human factor. Well, Sir, I will take Colonel Gidney first. I have already given the figures to the House before. The suggestion is that dismissals on our Railways are too many. Now, dismissal is an extraordinarily severe punishment. Dismissal means the loss of your provident fund bonus. It is a severe punishment indeed. I have the figures before me. I gave them to the House two years ago. I will read what I said:

“I may say I have figures here which indicate that dismissal, actual dismissal from railway employ, carrying with it the forfeiture of provident fund bonus is comparatively rare. We have had 1,400 odd cases in the last five years in which that extreme form of dismissal has been given and when you consider that we have over 700,000 employees, I do not think those figures are bad.”

Now, I think that Colonel Gidney suggested that we are constantly dismissing men on Indian Railways.

**Mr. N. M. Joshi** (Nominated: Labour Interests): He said “discharge”.

**The Honourable Sir Charles Innes:** He said “dismissal”. I took the words down. Now, Sir, as for what Colonel Crawford said about the necessity of paying attention to the human factor in the Indian Railways I entirely agree with it. But, Sir, it is difficult for us up here to do that side of the work. The human element is a side we leave to the Agents. We must necessarily leave it to the Agents. It is the Agents who come in contact with our men and I wish, Sir, that Honourable Members who criticise me and criticise our Agents knew more of what the Agents did in order to get into touch with their men, and how, generally speaking, they are on the very best of terms with their workmen, though occasionally there may be an estrangement. I do not propose to go into the question of Mr. Jogiah's suggestion that we should reduce third class fares to a low flat rate of 2 pies per mile whatever the distance travelled. I may say that if we were to adopt that suggestion it would probably cost us in the neighbourhood of 10 or 11 crores in the year and I am afraid we cannot afford it. Nor do I propose to say anything about his suggestion that we should immediately raise our wages to a minimum of Rs. 30 a month. If it is a fact that our wages minimum is as low as Rs. 9 a month, I think this

House will agree with me that it is utterly impossible for us to think of raising wages by something like 400 per cent. straight off."

**Mr. T. S. Goswami:** Cut down the higher salaries.

**The Honourable Sir Charles Innes:** I shall come to Mr. Goswami later. I noticed that Mr. Prakasam also laid great insistence on the lowness of railway wages. Well, Sir, I suppose the Honourable Member like all good Brahmins comes from some part of the Madras Presidency, and I should like him to tell us the rate of wages paid by Brahmin landholders to their agricultural labourers in the Madras Presidency. I should be very surprised if it is Rs. 9 a month, or even if it is Rs. 5 a month. And, Sir, if the Honourable Member comes and suggests to me that it is a scandal to India that Railways should have men paid so low a rate as Rs. 9 a month, I suggest that he himself should take the lead and examine very carefully what rates of wages are paid to agricultural labourers in his own lands, and if he finds them less than Rs. 9 a month, I hope he will raise them. Mr. Ranga Iyer made the startling remark that 2,500 men had been transferred from Lucknow to Calcutta owing to the amalgamation of the East Indian Railway with the Oudh and Rohilkhand. I have been told, Sir, that that statement is entirely incorrect. The actual fact is that the number of men who were transferred from Lucknow to Calcutta was about 200 to 300. He also suggested that the clearing house should be established at Lucknow. I suggest, Sir, that he may bring that question up on the audit vote, when Mr. Hayman will be able to give him an answer. Mr. Duraiswamy Aiyangar suggested that we should standardize our expenditure on administration. I am afraid, Sir, that a double portion of the spirit of Mr. Rama Aiyangar has fallen on my friend Mr. Duraiswamy Aiyangar. I would remind him that this question was discussed at very great length by the Standing Finance Committee and that the Standing Finance Committee, after examining it very carefully, decided not to pursue Mr. Rama Aiyangar's suggestion. I suggest very respectfully to my friend Mr. Duraiswamy Aiyangar that he should accept that decision. Mr. Ruthnaswamy complained that I had deserted my first love and had neglected Madras. He put in a powerful claim for distributing our railway development programme fairly among the different provinces. Well, Sir, if I pay any attention to that plea I shall have to cut down at once our development programme in the Madras Presidency.

**Mr. M. Ruthnaswamy:** You are making up for time lost.

**The Honourable Sir Charles Innes:** I have looked up the programme and I find that our programme comprises some 4,400 odd miles of new construction, and of that well over 1,000 miles is in Madras. So that, whatever may be our laches in the past, I think it will be agreed that we are doing our best to make up for lost time. We had the usual sort of speech, Sir, from my friend Mr. Goswami. Mr. Goswami's speeches always remind me of the title of a book. There was a book that I used to read when I was a small boy called "Some Emotions and a Moral". Mr. Goswami's speeches consist mainly of emotions but no moral at all. He suggested that we had faked our Budget, that the Budgets were unreal, that all he could do was to stand aside and watch the gradual degradation of the Indian Railways. He even, Sir, was driven to such desperation that he had to go back to the old, old fallacy that Indian railway rates were so arranged as to help exploiters to exploit India and down the Indian industries. Sir, I presume that in time the Honourable Member will grow

[Sir Charles Innes.]

up and that he will learn that he will not enhance his own reputation in this House by devoting himself to making what I might almost call gratuitous attacks on other Honourable Members. When he gets a bit older, Sir, he will learn to give credit to other people who are trying to do their best for India. (Applause.) And, Sir, if the Honourable Member when he talks about the degradation of Indian Railways—if he had been longer in this House he would have seen that the progress was entirely in the opposite direction. I suppose, Sir, that when in the old House I was defending the Railway Budget the Honourable Member must have been making speeches in the Oxford Union. Well, Sir, had he been in that House then he would have seen the difference in the Budgets then and the Budgets now. And there, Sir, I think I may leave the Honourable Member.

Now, Sir, I have got a whole lot of other notes, but I do not think that I need speak any longer. Some hard things have been said about me to-day. In the course of the next week a great many harder things will be said. But, Sir, I do hope that the House will realize that in the last five years we have made some improvement in regard to our Indian railway problem, and, Sir, I am quite sure if we go on in the way we have been going on in the last few years that when the time comes for my successor to make his farewell speech on the Railway Budget the Indian Railways will be a very much better property than they are now. (Applause.)

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 23rd February. 1927.



# LEGISLATIVE ASSEMBLY

Wednesday, 23rd February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## MEMBERS SWORN:

Khan Bahadur Sarfaraz Hussain Khan, M.L.A. (Patna and Chota Nagpur cum Orissa: Muhammadan); and

Raja Raghunandan Prasad Singh, M.L.A. (Bihar and Orissa: Landholders).

## QUESTIONS AND ANSWERS.

### RECOMMENDATIONS OF THE INDIAN MERCANTILE MARINE COMMITTEE.

572. **\*Dr. B. S. Moonje:** Will Government be pleased to state how they propose to give effect to the recommendations generally of the Indian Mercantile Marine Committee?

**The Honourable Sir Charles Innes:** I would refer the Honourable Member to the reply given in this House on the 1st February last to a somewhat similar question by Kumar Ganganand Sinha.

### GRANT OF STATE SCHOLARSHIPS TO INDIANS FOR NAUTICAL TRAINING IN ENGLAND.

573. **\*Dr. B. S. Moonje:** Do Government propose to establish, at an early date, State scholarships for Indians for study in the Nautical Colleges and for practical training in training ships in England pending the formation of a Nautical College in India and if so, how many such scholarships every year?

**The Honourable Sir Charles Innes:** I would remind the Honourable Member that this House on the 19th March last year decided that a training ship should be established in India, in preference to the alternative of sending Indian boys to Nautical Colleges in England. In accordance with this decision the "Dufferin" is now being fitted out as a training ship, and is expected to be ready about September next.

### OPENING OF PRIMARY NAUTICAL SCHOOLS IN INDIA.

574. **\*Dr. B. S. Moonje:** Will Government be pleased to state if it is in their contemplation to start primary Nautical schools in India to serve as feeders to the Nautical College when established and, if so, when and where?

**The Honourable Sir Charles Innes:** The Government of India are advised that the best preliminary training for a course at a Nautical College

is a sound general education. In their note, which is appended to Captain Sayer's report on the scheme for the establishment of a training ship in India, Captain Headlam and Mr. Richey recommended that "candidates for admission should have completed the 8th standard in an Anglo-Vernacular school and should pass a qualifying test in English, Arithmetic and general knowledge, *i.e.*, History and Geography". This recommendation has been accepted in principle by the Government of India.

PURCHASE BY GOVERNMENT OF A BRITISH LINE OPERATING ON THE  
COAST OF INDIA, ETC.

575. **\*Dr. B. S. Moonje:** Will Government be pleased to state whether any steps are being taken to give effect to the proposal, which the Indian Mercantile Marine Committee commends as worthy of the serious consideration of the Government of India, of purchasing one of the existing British Lines operating on the coasts of India and of appointing Directors composed of a majority of Indians to control it and also to the system of licences recommended by the Committee?

**The Honourable Sir Charles Innes:** I would refer the Honourable Member to the debate in this House last March on Sir Sivaswamy Aiyer's Resolution on the recommendations of the Indian Mercantile Marine Committee.

NUMBER OF COASTING VESSELS OWNED BY INDIANS.

576. **\*Dr. B. S. Moonje:** Will Government be pleased to supply information on the following points:

- (a) How many ships are engaged in the purely coastal trade of India?
- (b) How many of these ships are owned by companies and how many by individual merchants?
- (c) How many of these companies are purely Indian and how many predominantly Indian, how many non-Indians and how many of these individual merchants are Indians?
- (d) Nationalities of the various non-Indian companies with the number of ships each of them possess?
- (e) How many ships Indian Companies possess?
- (f) How many companies or individual merchants as the case may be are given contracts for carrying Government stores and mails and their nationalities?

**The Honourable Sir Charles Innes:** (a) to (e). The Government have not the information necessary to answer parts (a) to (e) of this question.

(f) The information so far as it is readily available is being collected and will be communicated to the Honourable Member.

POWERS OF THE INDIAN LEGISLATURE TO ENACT LAWS FOR THE RESER-  
VATION OF THE COASTAL TRADE OF INDIA TO INDIAN VESSELS.

577. **\*Dr. B. S. Moonje:** In view of the doubt, raised by the Indian Mercantile Marine Committee to the effect that the British Merchant Shipping Act of 1924 may stand in the way of the Government of India

giving effect to some of the recommendations of the Committee, will Government be pleased to state if the Law Officers of the Crown have been consulted in the matter, as suggested by the Committee, to ascertain if the doubt is valid or otherwise; and if the doubt raised has been held to be valid, what steps, if any, have been taken to get the said Act suitably amended as recommended by the Committee?

**The Honourable Sir Charles Innes:** The Government of India have consulted His Majesty's Government and have been informed that legislation to give effect to the recommendations referred to in paragraph 46 of the Indian Mercantile Marine Committee's Report would not be *ultra vires* of the Indian Legislature.

**PREVENTIVE ORDER UNDER THE NORTH-WEST FRONTIER PROVINCE  
SECURITY REGULATION, 1922, AGAINST MILAP SING, NEWSPAPER  
VENDOR OF PESHAWAR CITY.**

578. **\*Mr. M. S. Aney:** 1. Are Government aware that the Local Government of the North-West Frontier Province issued any order directing Milap Sing, newspaper vendor of Peshawar City, not to remove himself from the North-West Frontier Province except in such manner and by such route as may be prescribed by the Superintendent of Police, Peshawar?

2. Will Government be pleased to state whether the Superintendent of Police, Peshawar City, has, since the date of the aforesaid order, issued any instructions regarding the route by which and the manner in which Milap Sing could remove himself from the North-West Frontier Province whenever he would choose to do so?

3. Is it a fact that Milap Singh is not even permitted to go to his own house and see his people at Peshawar since the date of the above order?

4. Will Government be pleased to state what monthly allowance if any is given to Milap Sing as well as the members of his family for maintenance by the Local Government of the North-West Frontier Province?

5. Did the Government of India or the Local Government of the North-West Frontier Province receive any representation from the Sikh community for the removal of the preventive order against Milap Singh and, if so, what action Government have taken thereon or propose to take in the future?

6. (a) Will Government be pleased to state in detail the special circumstances which led the Local Government of the North-West Frontier Province to pass the aforesaid preventive order against Milap Sing under the North-West Frontier Province Security Regulation, 1922?

(b) Why has the Local Government persisted in keeping the same in force after the passing of the Gurudwara Act and the practical acceptance of it by the Sikhs of the Punjab in general?

**Mr. E. B. Howell:** Enquiry is being made from the local administration and a reply will be given to the Honourable Member in due course.

**Mr. Chaman Lall:** Sir, may I know whether the Honourable Member intends to answer a short notice question that I have put?

**The Honourable Sir Charles Innes:** Sir, I think I have told the Legislative Department that I will try and answer it to-morrow if I get the information in time

# THE RAILWAY BUDGET—LIST OF DEMANDS.

## SECOND STAGE.

### *Expenditure from Revenue*

#### DEMAND No. 1.—RAILWAY BOARD.

**Mr. President:** The House will now take up the Railway Budget—Second Stage.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): Sir, I beg to move:

"That a sum not exceeding Rs. 9,43,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Railway Board'."

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban): Sir, I beg to move:

"That the total amount of the Grant demanded under the head 'Railway Board' be omitted."

My reasons for this motion can be briefly stated.

**The Honourable Sir Alexander Muddiman** (Leader of the House): Sir, there is a slight point of order here of a minor character, but I think I ought to bring it to your notice for your decision. The rules as they originally stood ran as follows—[rule 48 (2)]—

"Motions may be moved at this stage to omit or reduce any grant."

"This rule has now been changed by the omission of the words 'to omit or'."

Sir, a motion to omit a Grant is merely a negative motion and, as a negative motion, cannot be moved as an amendment to the motion that the Grant be made. It is as though on a motion that the Bill be passed, an amendment was put down that the Bill be not passed. That, Sir, would be an inconvenient method of procedure to allow and to meet this the rule has been altered by omitting from rule 48 (2) the words "to omit or". The rule now reads "to reduce a Grant". But of course it in no way fetters the House. They can debate it on the point that no Grant should be made, and the decision of the House will of course be taken on the substantive motion that the grant be made. Those who think that the Grant should not be made may vote that it should not be made. It merely brings the procedure in regard to these Grants into line with the ordinary procedure which does not allow a negative motion.

**Mr. President:** The question that I would like to ask the Home Member is whether he objects to the motion on the ground that it is out of order.

**The Honourable Sir Alexander Muddiman:** I do not think it is in order to move that the whole Grant be omitted. As I say, the point is met by the provision for discussion on the major question that the Grant be made. My Honourable friend really wishes that the Grant be not made, and I do not think it is necessary for him to move that it be not made. Therefore I do not think myself that that particular motion is in order.

**Mr. President:** The difficulty that the Chair feels in this connection is that under the provisions of section 67 A (6) the Legislative Assembly may assent or refuse its assent to any Demand or reduce the amount referred to in any demand by a reduction of the whole Grant. That perhaps means

that the Members of this House have got a right to make a motion to reduce the amount referred to in any Demand by a reduction of the whole Grant, which practically means the omission of the whole Grant. If there is any rule which is inconsistent with these provisions, that rule is *ultra vires* in my opinion, and the proper procedure for the Government of India is to get the Government of India Act amended.

**Mr. L. Graham** (Secretary, Legislative Department): May I suggest that, as I understand your ruling, Sir, the effect of it is that to move for a reduction of the whole Grant is the same as to move for the omission of the whole Grant. Might I draw your attention, Sir, to the provisions of sub-section (2) of section 72D in which it is provided with reference to the Local Council that it may reduce the amount therein referred to either by a reduction of the whole Grant or by the omission or reduction of any of the items of expenditure of which the Grant is composed. May I put it to you, Sir, that the distinction between "omitting" and "reducing" is quite clearly established in that sub-section, and that if we proceed to interpret sub-section 67A (6) as if to reduce were the same as to omit, we shall be in my opinion failing entirely to recognise the distinction. To reduce is to take away part of something, and to omit is to take away the whole of something.

**Mr. President:** To which section did the Honourable Member refer?

**Mr. L. Graham:** Sub-section (2) of section 72D.

**Mr. President:** That section refers to the procedure to be followed in the provincial Councils, while the section I have referred to deals with procedure in connection with the Budget in this Assembly. I should like to know really what is the practice in the House of Commons on this question.

**The Honourable Sir Alexander Muddiman:** I think, Sir, I should be justified in saying that the Speaker would never allow the direct negative to be moved by way of amendment, but would permit discussion and voting on the substantive proposition. Really this is a very small point. We are not attempting to prevent my Honourable friend from discussing the question of the rejection of the whole Grant. I was merely stating what I thought on the point of order. It is open to my Honourable friend to bring forward the objects of his amendment on Sir Charles Innes's motion, that is to say, to show reasons why no Grant at all should be made.

**Mr. President:** Ordinarily, the normal rule is that all amendments which are the direct negative of the original motion are out of order, but I cannot get over the provisions of Government of India Act which appear to give express power to any Member of this Legislature to move for the reduction of the amount referred to in any Demand by the reduction of the whole Grant. I should therefore like to be enlightened exactly as to what the practice of the House of Commons on this question is and what is the meaning attached to the words "reduction of the whole Grant" there.

**The Honourable Sir Basil Blackett** (Finance Member): I can say quite definitely that this sort of motion would not be in order in the House of Commons; they would treat it as a direct negative.

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): May I cite, Sir, only this much from May's "Parliamentary Practice"?

"The Committee may vote or refuse a grant or may reduce the amount thereof either by a reduction of the whole grant"

[Mr. A. Rangaswami Iyengar.]

These are the express words of the Statute here:

"or by the omission or reduction of items of expenditure of which the grant is composed."

The Parliamentary rule is perfectly clear on the matter, Sir, and I can read the text of it.

**The Honourable Sir Basil Blackett:** That is the rule, but at the same time it is perfectly true that the Speaker would not allow such a motion.

**Mr. A. Rangaswami Iyengar:** If the Speaker disobeys the rules it is not for us to discuss that here.

**The Honourable Sir Alexander Muddiman:** We are not on any matter of substance. It is a matter merely for your decision, Sir. If you hold that my Honourable friend is in order in moving the total omission of the Grant, the skies will not fall down. As you asked me on the point of order whether it was in order under the amended rule, I gave my opinion and I do suggest that really it is not worth while to have a lengthy discussion on it. We are not fighting on the question of any principle. In whichever way it is decided my Honourable friend will be able to bring his motion forward, and therefore, as far as I am concerned, I am quite prepared to leave the matter in your hands, Sir.

**Mr. President:** The point is important because the same question will again arise in connection with Demands for Grants in the General Budget, and therefore it is necessary to make the position once and for all absolutely clear. To my mind the point is not so unimportant as the Honourable the Home Member thinks. It is necessary that I should give a definite ruling once and for all for the guidance of all concerned.

**Mr. S. Srinivasa Iyengar:** Standing Order 72 remains intact and it throws a flood of light upon this question which the Honourable the Home Member raised.

**Mr. President:** That is merely a slip. The Government of India contemplate the amendment of the Standing Order. When they amended the rule they forgot to amend the Standing Order. That is no argument. When the Standing Order is inconsistent with the rule it is *ultra vires*.

**Colonel J. D. Crawford (Bengal: European):** If this amendment for the omission of the Railway Board Grant is carried, the rest of the amendments desiring to bring forward other points of policy on the Railway Board would, I understand, not come up.

**Mr. President:** That is so.

**Colonel J. D. Crawford:** If, however, the procedure suggested by the Honourable the Home Member is adopted, I presume these amendments will have a chance of being moved prior to the whole Demand being rejected. It would be for the convenience of Members if that procedure could be adopted.

**Mr. President:** The amendment involving the largest cut will, according to practice, be taken up first. The next amendment on the agenda is the amendment of Mr. Srinivasa Iyengar involving a cut of the whole amount ~~minus~~ Rs. 100; and therefore even if the amendment for the total

omission of the Demand is held to be out of order the other amendment will be taken up. If that is carried, most of the amendments on the paper will automatically drop. That point, therefore, does not carry us any further.

**Mr. A. Rangaswami Iyengar:** May I ask for information on this point, Sir? Sir Alexander Muddiman said that this was a small point and that really we are out here to discuss the substance of the motion that the Honourable Mr. Srinivasa Iyengar wants to move, namely, the rejection of the Demand. If so, Sir, may I enquire whether Sir Alexander Muddiman would consider sub-section (6) of section 67A:

“The Legislative Assembly may assent or refuse its assent to any demand . . . .”

The motion before the House is that the Demand be omitted. Suppose we put down a motion that the House do refuse its assent to the demand, would he consider that to be in order?

**The Honourable Sir Alexander Muddiman:** No, Sir. The only point that I am contending is that an amendment should not be a pure negative. It is exactly the same as when, to give a concrete example, I move in the House “That this Bill be passed”. In order to oppose that an amendment cannot be put down “that the Bill be not passed.” That is the whole point as far as I can see.

**Mr. President:** There are so many lawyers in this Assembly and I expected them to help the Chair in this matter. It is not an easy question and I should not like to dispose of it without full consideration. The object which the Honourable Member has in view could well be served by proceeding to the next amendment, which involves a cut of the whole amount minus rupees one hundred. I hope the Honourable Member will not press me here and now to give a ruling because it is a very important question. Will the Honourable Member therefore proceed to the next motion? I should make it perfectly clear that I have given no ruling on this question at present.

**Mr. S. Srinivasa Iyengar:** Certainly I bow to your ruling, Sir.

The motion that I move is:

“That the Demand under the head ‘Railway Board’ be reduced by Rs. 9,42,900.”

There is a typographical error, Sir, in the motion as typed.

**Mr. President:** An error on the Honourable Member’s part or an error on the part of the office?

**Mr. S. Srinivasa Iyengar:** The office.

**Mr. President:** Mr. Graham, the Honourable Member suggests that the office is responsible for the error.

**Mr. L. Graham:** The office does not type these amendments, but they are done by the Press for which my Honourable friend Sir Bhupendra Nath Mitra is responsible.

**Mr. President:** What I want to know is whether there is an error, no matter by whom.

**Mr. L. Graham:** If I get the original notice, I will be able to tell you, Sir. I will go and fetch it.

**Mr. S. Srinivasa Iyengar:** Now, Sir, the subject which is sought to be raised by this motion is of great importance. It has been twice threshed out in this House and that is no reason why it should not again be brought to the notice of the Members of this House as well as of the Government, and that is the only reason why I bring it up again. There is a tendency on the part of some to hold that if once a motion like this is carried and it is not given effect to by Government, there is no use repeating that motion. Members on this side of the House will, I hope, agree with me that that is a very bad precedent. We have got to urge our point of view again and again, both the general point of view and particular points which Members may have got in connection with a motion of this description time and again, till the Government yield to our demands. I do not therefore think that this motion will be looked upon by non-official Members in this House with anything but the sympathy which a motion of this description must deserve at their hands. And I want also to make it perfectly clear that when once according to the rules a Budget is enabled to be framed by the Government in two parts, each part under the rules must be treated as a separate Budget and dealt with according to the rules. Therefore, there is no sanctity connected with the Railway Budget as distinguished from what is known as the General Budget.

Coming to the figures in the Railway Budget, it is clear that the railway administration is responsible for controlling at least as large a revenue and as large an expenditure as are comprised in the General Budget, and the interests involved are political, administrative and economic. The implications of the railway administration are of so far-reaching and permanent importance that it is impossible that anything but a motion of this description can satisfactorily concentrate attention upon the various grievances, and above all the capital grievance as to the hopelessly unsatisfactory character of the constitution and the composition of the Railway Board. Just as a motion to omit the Demand under the Executive Government is as appropriate a way as any other of drawing attention to the imperfect system of government and the administration generally, a motion to direct attention to the grave irregularities, and more than irregularities, to the grave impropriety of continuing a Railway Board of this description is as urgently called for, as the Railway Board takes the place, under the Railway Board Act of 1905, of the Government of India. It is a thousand pities that that Act was passed, but we have got it and the Railway Board claims to be the delegate of the Government of India and as paramount as the Government of India. I do not know that there is any other occasion than this, upon which to press before the House the point of view for which I stand, namely, that the railway administration should certainly be a transferred subject in the hands of a Minister, and it should not be controlled as it is controlled at the present moment. The Railway Board, for instance, as has been repeatedly said on more than one occasion, by Pandit Motilal Nehru in 1925, and Mr. Jamnadas Mehta last year, is a wholly irresponsible body. It may be responsible to the Government of India, but it is certainly not responsible to the Legislature, and in addition to that we find that the powers are all delegated to the Government without any statutory safeguards. The gravest defects of the present system of administration and of legislation in India, which are alike applicable to the railway administration and general administration are these. Not only do we vote always more money than the Government or railway administration needs, but we allow rule-making powers to flourish unabated. Notifications are issued and rules are made by Government.



"The Executive Government or Railway Board becomes a subordinate legislature directly subordinate to the Indian Legislature; but they issue rules and notifications and the whole legislation of the country takes place under the auspices of the Executive Government. Rules are not placed before the Legislature before they are adopted; notifications are not placed before the Legislature before they are adopted; superior appointments, that is, Chief Commissioner, Financial Commissioner, Members of the Railway Board, and other first class appointments are not placed before the Legislature before they are adopted by the Government. The Legislature has no opportunity of discussing questions of policy in connection with appointments. When, according to the division of functions which may be accepted, a legislature cannot directly make appointments, it does control appointments by exercising supervision over the executive. Here neither the executive nor the Railway Board can be brought up properly before it.

**Mr. L. Graham:** With your permission, Sir, may I, before the Honourable Member goes further into his speech, read out the original motion:

"I beg to move:

'That the Demand under the head 'Railway Board' (pages 1—2) be reduced to Rs. 9,42,900.'

**Mr. S. Srinivasa Iyengar:** I am sorry it is a typographical error on my part. It should be "by Rs. 9,42,900."

**Mr. President:** The Honourable Member admits that it is his mistake and not of the Department or the Press.

**Mr. S. Srinivasa Iyengar:** Sir, I wish to present before the House two aspects of this railway administration. One aspect is that this Railway Board cannot be regarded, as the Honourable Sir Charles Innes, the Commerce Member, claims it to be, as a technical and expert body.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): May I rise to a point of order, Sir. What is the motion before the House? Is it to be reduced to or by?

**Mr. President:** By.

**Mr. M. A. Jinnah:** It has been corrected now?

**Mr. President:** Yes.

**Mr. S. Srinivasa Iyengar:** I was about to impress upon the House and Government the point that the Railway Board cannot be regarded as a technical board. What the Inchcape Committee said was that the Railway Board should be treated as a business body, which is quite a different thing from its being described as a technical and expert body; but apart from these words, whether it is to be described as a technical body or a business body, it goes without saying that the centre of gravity in the railway administration is with the Railway Board. In the nature of things, it is impossible that the policy can lie in the hands of the Commerce Member or the Government of India. The policy of railway administration must be entirely in the hands of this Railway Board. No doubt the same general supervision by the Government, as in the case of other departments, may exist, but that general supervision does not preclude the direct control of railway administration by this Railway Board in all matters and aspects.

[Mr. S. Srinivasa Iyengar:]

I submit also that the differentiation which is sought to be made between railway administration and other general administration, namely, that the railway administration must be treated as a commercial concern or a commercial department does not carry the Government further, for I understand that the Commerce Member represents the Department of Commerce, and Commerce comes under general administration and not under railway administration, and the fact that the railway is treated as a commercial business, the railway administration as a commercial business, does not invest it with greater immunity from the criticisms of this House, nor does it enable this House to regard the railway administration as unfettered by all those obligations which it is the duty of this House to impose upon every branch of the administration. Having regard to the fact that nearly 125 crores, as I understand, are controlled by this railway administration, and having regard to the fact that it is not in the hands of a Minister responsible to this House directly, it is all the more incumbent upon this Legislature to omit this Grant which is now demanded by the Government.

In 1925 my Honourable friend Pandit Motilal Nehru moved to omit this Grant. That motion was lost on that occasion, but a token motion to reduce it by Rs. 100 was adopted by this House on the ground that there were grievances connected with this Railway Board. Then, last year, my Honourable friend Mr. Jamnadas Mehta made the same motion as that for which the motion I am making is a substitute, and that motion, after a full discussion in this House, was carried. Nevertheless, after these two motions, what is the progress which the Railway Board and the Government supervising the Railway Board have made in connection with the railway administration? I do not think in any important branch of railway administration you can say that you have made substantial progress. For instance the most important matter that was urged on both occasions and that was made an integral part in the words of an Honourable Member of this House of what has been called the convention Resolution of September, 1924, was the appointment of Indians as members of the Board and the rapid Indianisation of the railway services. These two matters remain very much where they were. Even if it can be said that a few more appointments have been made in the superior railway services, I think, having regard to the total number of superior officers, it cannot be said that the increase that has been made during these years is anything but of the most negligible and contemptible description. So far as the Railway Board itself is concerned, my grievances and the grievances of this House are far graver. It was made a part of the convention that Indians should be appointed as members of the Railway Board as early as possible . . . . .

**The Honourable Sir Charles Innes:** Not a part of the convention.

**Mr. S. Srinivasa Iyengar:** I think it was a part of the convention.

**The Honourable Sir Charles Innes:** It was an annex to the convention.

**Mr. S. Srinivasa Iyengar:** Unless the Chair says otherwise, I am not going to submit to any derailment. Clause (1) of the convention, apart from the whole convention, says this Assembly further recommends that the railway services should be rapidly Indianized and further that Indians should be appointed as Members of the Railway Board as early as possible. . . . .

**The Honourable Sir Charles Innes:** That is not part of the convention.

**The Honourable Sir Basil Blackett:** "Apart from the convention."

**An Honourable Member:** That is part of the Resolution.

**Mr. President:** Order, order.

**Mr. S. Srinivasa Iyengar:** I hope I shall be able to take care of myself. Sir, I find both parts of the Resolution are, as required by the rules, mere recommendations. Clauses (1) to (9) of the Convention are only recommendations, "This Assembly recommends," and clauses (1) and (2) are also further recommendations. When you say, "Apart from the above Convention, this Assembly further recommends," it is part of the same document, and I say it is a further convention, and it was regarded as a further convention. Whether you call it an annexure, or call it an appendix or anything, it does not in the least matter, the substance of it is there and it was done at the same time and is an integral part of

**Mr. A. Rangaswami Iyengar:** And it was adopted by the House as a whole, including the officials.

**Mr. S. Srinivasa Iyengar:** I find, Sir, that the President of the Legislative Assembly put the whole of this motion as one motion:

"The question is that the amended Resolution, as moved by Sir Henry Moncrieff Smith, and as subsequently amended by the House, be adopted."

The whole of it is adopted as one Resolution and can be found at pages 3869 and 3870 of the Debates of this Assembly in 1924. Call it a proviso, call it a rider, call it another clause or a separate section, it does not in the least matter, it is as much a part of the convention. It is perfectly true that Sir Charles Innes, when this was adopted, did not raise any objection to it because I understand the whole of this Resolution was the subject of negotiation and was adopted by the House as a whole and Sir Charles Innes did say he did not bind himself to the dates. "I cannot bind myself to dates," he said. But that is the Resolution of the House. I am not concerned with what Sir Charles Innes said, I am only dealing with the Resolution of the House, which when it is adopted and the Member of Government does not vote against it, I take it is binding upon him as much as upon everybody else. Of course, even if he votes in favour of it, it is only a recommendation and can always be set at naught by the Government, but that is quite a different matter. I find the Honourable the President when he was a Member saying in the debate in 1925, on page 1509 of the debates:

"An integral part of this so-called Convention Resolution of last year was that Indians should be appointed on the Railway Board."

I have that high authority also. But, Sir, apart from this digression, I submit it is not by any technical evasions of this character that the Government can seek to escape from their obligations. That is not a right thing; that is not a proper thing; that is certainly not a just thing. Let us look at the substance of what this Resolution promised. It is true that Sir Basil Blackett promised to weight the scales in favour of Indians when the time came. No doubt he was unable to be a prophet on that occasion. He said he could not prophesy, but he would weight the scales, and we did wait, and when the next vacancy occurred we did not see any

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weighting of the scales in favour of Indians. Sir Charles Innes mentioned Sir Basil Blackett's promise to weight the scales definitely in favour of Indians when the next vacancy occurred and treated that as an assurance, and such an assurance as the House should be able to accept. Nevertheless, Sir, when the vacancy did occur, the vacancy passed by and no Indian was appointed. It was not stated that there were no Indians who could be appointed. Of course that is a proposition which we on this side of the House are never, I hope, going to accept. I do not suppose any Indian can accept that position. Can it reasonably be said that there are no Indians of experience in railway matters or in service or no Indians who are retired officials who are competent to fill these posts with considerable ability? I think this is really a matter, Sir, which requires far more attention than has been bestowed upon it. To have the House trifled with by the Government in this fashion for three years I say is certainly a matter which requires the severest possible condemnation by us of the Railway Board and of the Government. Sir, I do not agree that it is a technical body; I do agree that it is a business body. A Government also is a business body and this business body can certainly have Indians on it, and I think that it is not only one Indian that should be appointed; the majority of the Members of the Railway Board should be Indians, and unless at least half the Members of the Board are Indians it cannot be said that the railway policy is at all controlled in any way by Indians. The increasing association of Indians with the administration in all its aspects which is in the Preamble to the Government of India Act is rendered nugatory. What is the use then of giving power to this Legislature to refuse its assent to any Demand when we do not exercise that power on such an occasion as this? His Excellency the Governor-General told us the other day very properly that this House ought to assume a responsibility greater than is expressed in the Statute. Now, Sir, this responsibility is expressed in the Statute and that responsibility is to refuse assent to any Demand. The Government of India Act, therefore, contemplates that the whole of a Demand can be refused, and I submit there can be no better reasons than the reasons to which I have just adverted. For the reason that there is no sufficient number of Indians on the Railway Board and the Government have not observed—I will not say their promises because we are not concerned here with their promises—but the Resolutions of this House: they have not carried out the Resolutions of this House and for that reason they deserve censure and this is the most appropriate way of censuring the Government in that matter.

Then again, Sir, I submit the Railway Board must be regarded as responsible for the railway administration along with the Government. Now the railway administration in no aspect of it can be said to be improving. We must render our thanks for the small mercies of the Raven Committee. It has been said that the Railway Board appointed the Raven Committee, that they were very frank about it and courageous about it, but of course all this would mean further expenditure. It is easy to admit facts, it is easy to admit mistakes when there is no other way of covering up inefficiency, maladministration and gross breach of trust. According to the answer given to a question put by my Honourable friend Mr. Kelkar on the 23rd January 1927, 80,000 wagons were found to be superfluous. We heard the other day that they were superfluous only

because of the monsoon season or the non-busy season but that in the busy season all of them would be employed.

**Mr. T. O. Goswami** (Calcutta Suburbs: Non-Muhammadan Urban): They did not say all.

**Mr. S. Srinivasa Iyengar:** Some of them would be employed. The answer which is printed at page 211 of the debates is of a most unsatisfactory character; and the answer really accumulates the grievance because while on the one hand they have been spending 60 to 75 crores during the last 5 years in the improvement of marshalling yards, terminal facilities and better marshalling yards, the reduction of idle hours of wagons and the reduction by doubling of tracts and adoption of new rails and strengthening of tracts and bridges enabling the carrying capacity of vehicles to be increased, it appears that while they spent 60 to 75 crores during the last 5 years, we find that as a matter of fact, on the other hand, they have gone in for a surplus of wagons, 30,000 wagons. This shows the grossest extravagance. Now, supposing a Board composed exclusively of Indian officials were in charge of railway administration, what would have been the result? The physical approval which the rising hopes of the Government party on the other side so often manifest on the somewhat flimsy wood of these tables would certainly manifest itself much more loudly whenever they found Indians going wrong. But is this not an occasion when the other side should see that notwithstanding their boasted efficiency, there is the grossest mismanagement spread over years when their attention is drawn to it? Is that not an indictment? Is that not a most eloquent commentary which comes to our rescue when we have got to tell them that we are as fit as they to control the railway administration? The Honourable Sir Charles Innes said yesterday that they cannot carry out any constructive work without mistakes. That is the same thing which we frequently say when we are charged with our mistakes. We say we are carrying out our constructive work and if we make mistakes we say also it is by making mistakes that one learns. But it is grotesque for a Government which claims great efficiency, which claims that Indians are always lower in efficiency than England-trained officials, which claims all this and more—I say it is grotesque for them to say that they are making mistakes. After all the experience, after all the technical knowledge, after all your mechanical engineers and your chief engineers and various other things, for you to admit that you make mistakes, after your wonderful system of auditing and your wonderful system of store-keeping—which by the way according to the Raven Committee needs the most drastic revision—after all that for you to say that you are making mistakes is the most thorough exposure of yourselves. And if the Honourable Sir Charles Innes said all these wise things, it was only because he had to make a virtue of necessity. The errors were too palpable for words, and it was impossible to camouflage them any further or any longer. I submit, therefore, Sir, that the time has come when we should again repeat our condemnation of this system and that we should ask for a drastic revision of this Railway Board and a drastic revision of its composition and also that the railway policy should be brought up by means of specific Resolutions frequently before the House and not simply during the debate on the Budget. That is the only way in which control over this railway administration can be exercised by this House. I do not propose to refer to what was referred to by my

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Honourable friends on this side of the House in connection with the stocks of stores. It is there in black and white at page 81 of the Raven Committee's Report. It is nothing short of a scandal that they should have thrown away stores under the pretext that they were reducing the stock for purposes of accounts. We have already had that. Not only that, but we have had many other grievances. The railwaymen's grievances are there in plenty and those grievances have brought about unusual disturbances at this time of the year when they should not. We are interested directly in preventing strikes and disturbances. It is not simply as Indians that we want railwaymen's pay increased, but we want the capital to earn money properly and if there are these unusual disturbances and the railways are dislocated then the railways lose their earnings and the capital at large loses the interest which ought to come to it. And therefore we are all the more interested in seeing that the railway administration is made far more efficient. Of course it is perfectly true that you cannot all of a sudden increase railwaymen's wages by an enormous amount; but has any serious attempt been made to deal with these railwaymen's grievances? And after all is not the contentment of the employees the best proof of the efficiency and the skill of the railway administration? And if you find that in a business season like this the railwaymen go out on strike on a large scale and traffic facilities are dislocated, is that not a reason for saying that there must be something rotten in the railway administration? I dismiss with contempt the suggestion that people on this side of the House or their friends outside the House go and instigate people to riot or to go out on a strike. I think no Indian really cares to do it, and if there are any, they must be very few indeed. Is it supposed that responsibility is confined to one side of the House and we are not responsible people as if we have no interest in the country and people who have come over here have got interest in the country? It is adding insult to injury to say that they are trustees for us and it is they alone that can look to the interests of this country. We are as much in a position to look after the interests of this country. We have an equal right to make pronouncements on our very many grievances and it is the duty of the Government, if they are really to be the executive carrying out the behests of the Legislature,—to remember that the Legislature is not here merely to register the decrees of the Executive Government. If that is the fashion in which the ordered progress of the constitution is to be marked I submit it would be a tragedy. It is quite clear that that should be the case, if my Honourable friends on the other side want co-operation from Members on this side of the House. Therefore I would say that they must accept most cheerfully this motion which I have made and they should even welcome and vote in favour of it in order to show that that humility, that real spiritual humility which comes of grace is also not lacking in them. Then only the confession that they have made mistakes can be accepted as true, but if you say, "I have made mistakes but still I resist this motion to reduce this Grant" then we are entitled to question the propriety of a statement like that. I therefore ask the House to look at this motion in the spirit in which it is made, namely, that the Indian point of view has not been kept at all in connection with the railway administration either in the matter of the constitution of the Board or the powers of the Board, or of the powers of this Legislature, or of the way in which the railway policy is controlled. And

Indian point of view is not kept in the sorry tale of extravagance whether in the case of wagons or of stores or any other case, staff quarters for instance. The Indian point of view is not kept in the matter of the railwaymen's grievances either. Therefore, for all these reasons I say that the railway administration in India still remains, a wholly foreign administration, an alien administration out of touch, out of all sympathy and it is not at all suited to the needs of this country and to the aspirations and the requirements of the people and therefore this cut which is a substitute for the motion to omit the Grant should be adopted by the House also with the concurrence of the Government. Just as they accepted the convention Resolution this should be accepted by them. This must be the convention till they put Indians on the Railway Board. To say that as early as possible they will do it and then put it off for three years as they have done is not right. I must go to some new English dictionary for the purpose of finding out the meaning of "as early as possible". Of course, the words are there, I suppose, for the purpose of concealing thought, but I am sure that my Honourable friends on the other side did not use those words when they were adopted, for the purpose of concealing thought. Therefore, they must face the facts that the Indians are roused enough and that they will insist upon their rights and the time has come for Government to yield to those rights and with good will submit to the inevitable and accept the motion in the spirit in which it is made. If co-operation is offered on the one side co-operation can be accepted on the other. I find that there was a chorus of congratulations to the Honourable Member in charge. I have not the privilege of an acquaintance with Sir Charles Innes, nor have I had the doubtful privilege of having been in the Assembly during the last two Sessions.

**Mr. M. Ruthnaswamy** (Nominated: Indian Christians): You have the privilege now.

**Mr. S. Srinivasa Iyengar**: I will only add that before he goes he can put the coping stone upon the convention Resolution by recommending to Government to accept this motion.

**Mr. H. G. Cocke** (Bombay: European): Sir, I do not know whether the Honourable gentleman who has just sat down intended to make a serious speech or a humorous speech, but he has certainly failed to carry very much conviction to this House,—(*Some Honourable Members*: "Question?") judging by the manner in which it was received. The Honourable Member seeks to reduce the Demand for the Railway Board by the whole of the amount except Rs. 100. But his chief aim appears to be to substitute his friends on the Railway Board for the present incumbents. Does he suggest that they will be prepared to work for Rs. 100? (*An Honourable Member*: "Certainly.") If he wishes the Railway Board abolished I did not hear him suggest any alternative. He merely suggested that those carrying out the work to-day are not suitable and therefore I suggest that the amount by which he seeks to reduce this Demand is rather absurd. There is another aspect of this question which was just touched upon by my Honourable and gallant friend, Colonel Crawford, earlier in the morning. If a cut of this large amount is put down and debated seriously we gain nothing by it whether it is passed or whether it is thrown out. We are deprived of the right of really offering useful criticisms of the Railway Board by discussing short motions in connection with points arising. Therefore it seems to me that Honourable

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Members on the other side should endeavour not to move these large cuts if they really wish that the budget work of this House should be seriously considered.

The Honourable Member said that Indians were available, that there were Indians who could fill posts with considerable utility to the country, and he also said, "we are as fit as you." The whole point is that the railway management in this country wants the best men obtainable. We know that we have recently lost two men of considerable ability. It is not easy to replace those men even by Europeans or Americans or by anybody else. Honourable Members may remember that some years ago the Great Eastern Railway took over as their managing director, an American. Considerable opposition was raised at the time to that, but I believe the appointment was amply justified. In the Railway Finance Committee the other day in connection with Sir Robert McLean's departure, I put the question to the Financial Commissioner whether it would have been possible, had we desired to do it, to bring in an American, or a Frenchman, or an European of any sort, on a salary of Rs. 10,000 a month if we thought it a commercial proposition to do so. And I was told that it could not be possible under our present rules and that the maximum pay that we could pay to anybody, however efficient, was Rs. 3,500 plus an allowance of another Rs. 1,000. That point was taken up by a Bombay paper in a leading article which I was reading last night and it is stated there as the conviction of the writer that this sort of thing must cease if the Indian Railways are to get the best men. Of course, if you do not want the best men and if you consider that the Railways could be run by appointing men with a few years' experience, then, I am sorry for the future of the Indian Railways, because I am perfectly satisfied myself that it is a job for the specialist, for the expert, and the number of men who are fitted to step into the shoes of people who are leaving after a very considerable number of years' experience in this country is, I say, very limited indeed.

The Honourable Member also stated that a more frequent reference should be made to this House in connection with railway matters. He appeared to desire that this House should become a sort of a Board of Directors. I think nothing more terrible could happen than that this House should be constantly consulted in connection with the administration of Railways. Annually there is ample opportunity, provided large cuts are not put down to prevent criticisms as in this case, but annually, apart from that, there is ample scope and time for criticism of railway matters. The suggestion that this House should go into committee throughout the year to avoid strikes is one which, I am afraid, would have a very serious effect. It is one of the evils of State management that strikes and labour matters are open to discussion in an Assembly of this sort. Whatever Honourable Members may say who are interested in labour, there is no question whatever that it is not the right way to deal with labour matters or strikes, by debate in this Assembly.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Before recording my vote against the motion proposed by my Honourable friend Mr. Srinivasa Iyengar, I owe it to myself to make my position clear as to why I am going to adopt this attitude. Sir, I



quite agree with the Honourable the Mover of the motion that our grievance against the Railway Board in not appointing at least one Indian on that body and their attitude in not making appreciable progress in the way of Indianisation are certainly quite valid and genuine and this attitude of the Railway Board calls for a strong protest and censure on the part of this House. Sir, I am quite prepared to record my vote in favour of motions of this character when they will be discussed in the House but I do not find myself in a position to vote for a motion which amounts to a refusal of Grants and which encourages or invites the Governor General in Council to use his power of certification. I consider it detrimental in the best interests of the country to encourage the Governor General in Council to use the special and emergency powers which are vested in him by the Government of India Act. I do not see what real good motions like this can do to the country. These motions have now become something like annual fixtures, something like the flower show or the horse show at Delhi. Really we must go on protesting and we must try to protect our interests or we must go on ventilating our grievances year after year, month after month and day by day. But, Sir, the methods of ventilating our grievances and making our demands must be more reasonable and more dignified than the way which this motion proposes. With these remarks I oppose the motion.

**Pandit Motilal Nehru** (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I rise at an early stage of the debate more for the purpose of disillusioning my friend Mr. Cocke and others who perhaps share the same opinion with him. He was not sure whether the motion was moved by my Honourable friend Mr. Srinivasa Iyengar seriously or in a light-hearted way. Now, Sir, if the meaning and purport of a motion is to be judged by the language which is employed, if it is to be judged by the manner in which it is urged, then I say there could be no reasonable doubt in the mind of any one who is inclined to take a serious view of the subject about the sincerity and seriousness of the speaker. Apart from that, the subjects which he has touched upon are subjects which as my friend the Honourable Mr. Cocke will come to know by and by are by no means a bouquet of flowers for the Railway Board. They will very soon feel rather scared by them. (*An Honourable Member*: "They don't.") Well, let me examine how far they are impenetrable to good feelings. At any rate the House will feel it and that is all I care for. The Honourable Mr. Cocke said "What is the use of talking of Indian members. We want the best men." I suppose by that we are to take it that the persons whom we have got now are the best possible men that you could get. And, Sir, what is the surest test of it? To see what they have done. Have they done anything which entitles them even to the compliment of being average business men who know anything about their business? I shall in a moment satisfy the House. I may be unable to satisfy the Benches opposite, but I am perfectly certain that I shall satisfy the greater part of this House and specially this side of the House that the one thing in which the Railway Board have distinguished themselves is utter incompetence and gross negligence and I propose to establish that. I will only take one point in the railway administration or maladministration as it should be properly called. Yesterday we were engaged in the general discussion of the Railway Budget. In the course of that many sins of omission and commission on the part of the Railway Board were brought

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to the notice of the House. To-day in the course of this debate and the debate on the various Demands, I am sure further sins of omission and commission will be brought out, but the one which has only been noticed in passing by the Honourable Mr. Srinivasa Iyengar, namely, that relating to the surplus of wagons now on hand, beats all others. What are the facts? I see my Honourable friend Sir Clement Hindley smiling at that remark. Well, Sir, before I demonstrate the inefficiency of the Railway Board, let me dispose of a few preliminary things that have been said. Let me dispose of my friend Maulvi Muhammad Yakub whom I may forget in the heat of the argument later on. He has given an early indication of the inclination of his own mind to the House. He says "I am going to vote against this motion and I do not want to keep it a secret from the House why I am going to do so." He agrees in the complaints, in the existence of grievances, but he adopts what, no doubt according to him, is the more statesmanlike course of not objecting to the whole Grant but of concentrating attention upon the grievances on a minor Grant. He says "If you go on like this, it becomes an annual fixture like the flower show". But may I ask, if we go on year after year making small cuts, half a dozen cuts or two dozen cuts, bringing out grievance by grievance and deducting Rs. 100, what would that be? Would it not be as annual a show as this is? If we lend ourselves to such childish display, that would be a Punch and Judy show and nothing else. Now, the serious argument—and it is a wonder to me that Honourable Members can seriously entertain such ideas—the very serious argument which was very much applauded on that side of the House was, what is the use of inviting certification by His Excellency the Governor General? You know that if you cut the whole of this Demand it is bound to be certified. Well, what of that? Are we to regulate our reason, are we to regulate our argument, are we to regulate our action in this House as representatives of the people by what His Excellency the Governor General might be pleased to do or not to do? Are we not here seriously to put forward the grievances of those whom we represent irrespective of what my friend Colonel Crawford or anybody else might think or might do?

**Colonel J. D. Crawford:** I agree with you.

**Pandit Motilal Nehru:** If my friend's argument is pursued to its logical conclusion what will be the result? The Government may come year after year with the most grotesque demands and my friends will say, "Oh, don't cut them down, otherwise they will be certified by His Excellency". And therefore, the fear of certification must keep you back from speaking out your mind. Sir, I do not subscribe to that doctrine. I am rather for speaking out boldly and openly and I say here that the Railway Board is not entitled to a farthing of this Demand. (Applause.) Then there was another remark made by my friend the Honourable Mr. Cocke. He said, "Why has he retained the hundred rupees? Does the Honourable Mr. Srinivasa Iyengar expect Indian members of the Board to serve on a hundred rupees?" No, Sir. I do not know which to admire most, the inability of my friend the Honourable Mr. Cocke to understand whether my friend Mr. Srinivasa Iyengar was serious or not, or his great penetration of judgment and his great understanding of the rules under which cuts are made. He is under the impression that we who ask for the omission of a Demand—because it is tantamount to the omission of the Demand—

must be prepared to find four or five members of the Railway Board to serve the country for nothing. That would be the logical end of the argument. Nothing of the kind. What we say is this, that the present Railway Board and the present railway administration is so unsatisfactory that the only way to censure it properly is to cut down the whole of the allowance under that head, because that is the most effective way, the most clear way in which we can signify our disapproval and our dissatisfaction.

Now with these few remarks upon the things that were said quite apart from the main point, I come to the one point upon which I beg to call the attention of this House. It was touched upon by my friend Mr. Srinivasa Iyengar, but of course he had to deal with a large number of points and I think it is necessary for me to supplement his remarks upon that particular point because the House will not be able exactly to comprehend the enormity of the offence—I call it offence advisedly—of the Railway Board in the matter of wagons. Sir, until yesterday it was an admitted fact that there were 30,000 surplus wagons for which there was no use.

**Mr. H. G. Cocke:** No immediate use.

**Pandit Motilal Nehru:** That is an improvement by the Honourable Mr. Cocke. What was said was that there was no use for them during the monsoon months, which have gone now and there is no question of immediate use in that. What was said yesterday was that for years—that fact is admitted—it had been felt that there was a surplus, and in order to make that point clear I shall refer to the answer given by the Honourable Mr. Parsons to the question put by Mr. Kelkar on the 31st of January. The question was:

“Will the Government be pleased to explain how they came to have a surplus of 30,000 wagons as mentioned by Sir Clement Hindley in his evidence before the Royal Commission on Agriculture?”

The answer of the Honourable Mr. Parsons was:

“The information given by Sir Clement Hindley to the Royal Commission in October, 1926, . . . .”

—In October 1926, I stress that—

. . . “was that there was no foundation for a complaint of shortage of wagons inasmuch as owing to improved methods of working there had been something like 30,000 wagons more than the number required for working the traffic for the previous three months.”

**The Honourable Sir Charles Innes:** The monsoon season.

**Pandit Motilal Nehru:** I am coming to that. The genius of Sir Charles Innes has discovered that the three months previous to October are the monsoon months:

“The number of course fluctuates from day to day, and it was not suggested that there will always be this number of wagons in excess of daily requirements. Apart from a falling off in traffic, the surplus is due to improvements made in the working of railways and also to additional facilities provided during the past few years.”

The past few years! Then he gives us the main factors which have contributed to the surplus. Now this answer was given long after the monsoon

[Pandit Motilal Nehru.]

had come and gone. We do not find in that list of factors given here that the monsoon also had some part to play in the matter of this surplus. But of course, as I have said, that discovery was made only yesterday because the three months previous to October, 1926, were, as we all know, monsoon months.

Now, Sir, what was the modification given yesterday? What was the alteration in the answer? It was said that that was due to the monsoon, and that now all but about 5,000 wagons are in use. Now, Sir, that I take at the very lowest as an admission that in this busy season there are 5,000 wagons standing idle in the yards, and therefore that at the very least there is a surplus of 5,000 wagons. Now leaving aside everything else I ask the House to consider what this surplus means. That surplus means this, and if you understand what the cost of these 5,000 wagons is. In answer to a question put by Mr. Kelkar on the same day it was stated that the cost was Rs. 5,170 per wagon. Now, taking it roughly at Rs. 5,000 per wagon the surplus of 5,000 wagons means two and a half crores of rupees sunk and gone to the bad. (*Several Honourable Members*: "No, no.") I do not understand. If my arithmetic is all right, I am all right. I say, Sir, that two and a half crores have been thrown away. I mean 5,000 wagons—Rs. 2½ crores—2½ crores of rupees which they could have done without spending; at the very least I can put it at that. There were some observations made yesterday on this side of the House as to the lowest wages that were allowed to Indian workmen, and my friend, the Honourable Mr. Prakasam, took some pains to compare those wages with those prevailing in other countries. The answer which my Honourable friend, Sir Charles Innes, gave was—"I invite Mr. T. Prakasam to go with me to his own lands and to show me if there is anybody who gets more wages than that." Now I say, if you can afford to throw away 2½ crores of rupees on something which you do not want now, on something which you may or may not want in future, can you not spend a crore or at least a few lakhs on raising the wages, the starvation wages, of these poor men? (Hear, hear.) But I do not admit that it has been proved that there are only 5,000 wagons standing idle. It may be that they are moving about: we have no data to judge what service is being taken from these wagons, whether they are necessary or not. We know as a fact that in October, 1926, it was stated that something like 30,000 wagons were standing idle. After October the point was noted, the fact was made public, and since then it is the easiest thing in the world to set them rolling about in several directions, in many directions. What data have we to say that a proper use is being made of these wagons? (Hear, hear.) They may simply be shifting from one station to another. It is not, Sir, that I am suggesting this as a thing which does not occur to the Railway Board: things like that have occurred to the Railway Board, as was pointed out yesterday, by my Honourable friend in regard to the stores. There was a reduction of stores. They were moving from one place to another and they were thus reduced. It may be said that we are over-suspicious; but when we are treated in the manner in which we have been treated, what can we do, when we are able to lay our hands upon a particular thing? Here on your own confession you are having 30,000 wagons standing idle! Why did you spend that 15 crores of rupees if they were not wanted? The last answer to that was—the monsoon. Well, Sir, the monsoon is a thing which comes every year and goes away every year; but let us see what were the causes which were attributed for

this surplusage by Mr. Parsons. I will not read the whole of it, but I will give you the catchwords:

- (1) Reduction in the time occupied in repairing wagons.
- (2) Strengthening of tracks and bridges.
- (3) Improved marshalling yards.
- (4) Reduction of train mileage.
- (5) Extension of the use of telephone train control.
- (6) Increased speed of trains owing to the extended use of vacuum brakes.
- (7) Gradual elimination of low capacity wagons.
- (8) System of pooling collieries.

Now, Sir, let us closely examine this situation. These are the very improvements which along with the purchase of wagons formed the subject of the Rs. 150 crore programme. Any business man knowing his business who was engaged simultaneously upon all these enterprises should have worked out what the progress on one line would lead to in another, or whether these eight things that have been going hand in hand ever since the year 1919 or 1920, all these things would have arrived at the development at which they are now alleged to have arrived, namely, to the extent that they reduce the number of wagons required. All these things have been going hand in hand, side by side, and it takes the Railway Board, this efficient body of men, this very practical body of men, to discover that all of a sudden they find 30,000 wagons on hand. What was this due to? Oh, it must be due to the monsoon! I say, Sir, that it is a most hopeless incompetence which is involved and implied in practical men, business men, doing special classes of business, not being able to foresee what the result of the development in one class of business would be upon the other class as the years go by. Then, again, I should like to draw the attention of the House to the fact that from the year 1919 or 1920 to the 30th September, 1926, no less than 61,976 wagons were purchased, and out of these I understand that not more than 6,000 were purchased in India, all the rest coming from England, so that we have nearly 6,000 wagons purchased in India and about 55,000 wagons purchased in England, and we find in October, 1926, that the number of surplus wagons is 30,000. Now in June, 1926, four months before October, what do we find? We find the Railway Board taking sanction from the Standing Finance Committee for Railways for the purchase of 5,515 additional wagons (Laughter), which shows that the Railway Board was in blissful ignorance as to what was happening, as to the causes which were contributing to lesser and lesser purchases of wagons.

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): When I placed that particular issue before the Standing Finance Committee for Railways, I explained very carefully to them that we were at the time engaged in examining what our wagon requirements would be; that in any case we would not require more than that number of wagons; and that quite possibly we should not be spending all the money. As I had no suitable opportunity of meeting them again and putting the matter before them, I could not explain to them that the actual money for general service wagons which they then allowed would not be spent.

**Pandit Motilal Nehru:** My point is that up till June, 1926, the Railway Board was in blissful ignorance of the true state of things. Then in 1926 they were only just enquiring as to how things stood and if they came to know later on that they did not want any wagons they would not spend the money. That was very gracious indeed. But is it the way in which the Railway Board is expected to do its business? Are they just simply after years of purchasing from outside, not even in India, to say "Let us now see how matters stand. It may be we are purchasing more wagons than are necessary." That was in June. Four months later they find as a result of enquiries that they have as a matter of fact 30,000 wagons on hand. I do not say that the money has been spent. But what I charge the Railway Board with is extreme negligence and thorough incompetence. No body of people who know their business and who go about it in a business way could possibly have been in ignorance of the fact that in June when they were asking for sanction for 5,000 more wagons there was really a surfeit of wagons. Of course my Honourable friend Sir Charles Innes said that it was impossible to do constructive work without committing *bona fide* mistakes. Now, I have had a good deal to do with that expression "*bona fide*".

**The Honourable Sir Charles Innes:** I did not say "*bona fide*".

**Pandit Motilal Nehru:** I was giving more credit to my friend than he deserved. Now, let us take it that the mistakes were not *bona fide* mistakes. Not being *bona fide* mistakes, they are less defensible. And I ask, what does it show? It again shows their incompetence. Either they were *bona fide* mistakes or mistakes which a man who knows nothing about his work will commit. Now, Sir, this is not the only aspect. There is yet another aspect. That aspect is taking 15 crores of rupees out of the pockets of the tax-payer to invest them in wagons which were not required, and by the exercise of ordinary diligence, ordinary business prudence, the Railway Board ought to have discovered it was unnecessary to lock up the money in these 30,000 or more wagons

There is yet another aspect of the question, and that relates to the wagon industry of India. Now, Sir, it is a very painful story. The history of this begins with the communiqué of 1918. I will not weary the House by reading long extracts, but I will only read just a few sentences. The Government communiqué, dated the 1st March, 1918, states:

"The Government of India have recently had under consideration methods of making India more independent of outside sources in the supply of railway materials. One case in particular which they have recently examined in consultation with the Indian Engineering Association and Railway Administration is the construction of wagons in India; and, as the result of enquiries they have made, they are now able to announce that they will guarantee to purchase in India 2,500 broad gauge and 500 metre or narrow gauge wagons annually for ten years."

That was the solemn and definite guarantee given on the 1st of March, 1918.

**The Honourable Sir Charles Innes:** Cancelled in 1924.

**Pandit Motilal Nehru:** I shall come to that. Now, let us just see. My friend can calculate how many months before October will be the monsoon. I can also make a little calculation. My little calculation is that on the 1st of March, 1918, the War was still going on. The Armistice came only in November, 1918; and of course we know all the promises that were made to this country in war time. What happened to these promises after that? And the explanation why that guarantee was cancelled in 1924 . . .

**The Honourable Sir Charles Innes:** When we passed the Steel Bill.

**Pandit Motilal Nehru:** I am coming to that too. That was the guarantee, and then what was said was:

"The aggregate requirements of Indian railways will certainly be more than 3,000 wagons a year; and once the Indian production of wagons is established on a satisfactory basis, there is every reason to hope that an increasing proportion of orders will be placed in India."

That was in 1918. Then we come to 1921; and in 1921 there was another communiqué which said:

"In pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials, the Government of India have had under consideration the question of the construction of Locomotive Engines in India, and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotives and locomotive boilers required by Government during the 12 years commencing with 1923."

**The Honourable Sir Charles Innes:** That was after the War. 1921 was not war time.

**Pandit Motilal Nehru:** Because in those days I referred my Honourable friend to the chapter on locomotives in the First Report of the Tariff Board. There they have shown that English manufacturers could not manufacture at a price at which they could be manufactured here and in fact they were driven to the expedient of selling below cost price.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): Unemployment in England had not then commenced.

**Pandit Motilal Nehru:** Then came the Report of the Railway Industries Committee. That was in 1922-23 And what they said was this:

"It will now be clear why our Chairman decided that we must await the Fiscal Commission's report before submitting our own report. For we see no escape from the conclusion that the industries which we are now discussing, if they are to be developed—or rather kept alive—in India, must temporarily get some form of protection or assistance from Government . . . . We do not think that any useful purpose would be served by our going on to examine the further question whether special measures should be taken to develop these industries, as, for instance, by guaranteeing them orders at a price at which they can work, even though that price may exceed the price admissible under Rule 10 of the Stores Rules . . . . The only recommendation, therefore, which we can make is that if a Tariff Board is constituted . . . ."

it should consider these questions. Then the Tariff Board was constituted and this is what they said. This was of course in 1924:

"It is essential that the Indian manufacturer should have some assurance of continuity of orders, and as his capacity for carrying out work will increase as time goes on, that the numbers ordered in India should gradually rise."

Later on they say:

"The Indian production this year (1925-26) will be far higher than it has ever been in the past, and this is the direct result of the payment of bounties on wagons.

The administration of the bounty scheme has brought about a rapid expansion of the industry, and if there is an abrupt reversion to a more limited scale of protection, part of the money already spent will have been spent in vain. If as a result of the enforcement of the limit of Rs. 7 lakhs a year, two of the wagon building firms are squeezed out and receive no orders, the bounties already paid to them will have done nothing to promote the development of the wagon building industry."

That is one aspect. What about the huge capital expended in the construction of the work?

"It would be very regrettable", they proceed, "we think, if the rapid expansion of the industry during the last twelve months were followed by a period of decline, and for this reason we have recommended that the allotments for expenditure on wagon bounties in 1926-27 and 1927-28 should be Rs. 18 lakhs in each year."

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Now what do we find? We find that the bounties recommended by the Tariff Board are 18 lakhs of rupees a year, and yet there are no orders. What are the bounties to be given for? There are no wagons required, no orders are being given, and therefore there are no bounties to be had. And what is to happen to those to whom hopes were held out? What is to become of those firms? Thousands of skilled labourers are being turned out into the streets. All the capital employed goes to the wall, and why? Because the Railway Board committed a mistake in ordering more wagons than was necessary (*An Honourable Member*: "And that from England") and that from England.

Then I have the high testimony of the Honourable Sir Charles Innes, as to the manner in which the thing worked here. He says:

"The whole question of the wagon industry will be examined *de novo* this year, and will be brought up again before the House at this time next year."

That was on the 17th February, 1926, and now we are in the expected time. He also says:

"I think we can claim that as far as we have gone, the policy has been very successful. It is a fact that in the last two or three years these wagon firms have been able to increase their output in a very remarkable way."

And what is the reward they get? They are killed and liquidation is confronting them.

Now, Sir, after all this painful story, see how the subject is treated by my Honourable friend, Sir Clement Hindley, in his speech on the Railway Budget. What does he say? He says:

"The Railway Board perhaps cannot altogether escape criticism in that up to a comparatively recent period this new development was not expected to materialise so rapidly."

—they are going on year after year and yet it was not expected to materialise so rapidly—

"and that we were even a year ago contemplating some necessity for addition and renewals of wagon stock. The reason was, however, that our new reliable statistics, which help us to watch matters of this kind"—

—before that they were groping in the dark—

"had only been established in 1924"—

—even after they were established it took two years or more to be useful to the members of the Railway Board—

"and there was insufficient accurate evidence on which to form conclusions. The fact, however, has now got to be faced that we shall not have to purchase any new general service broad gauge wagons either as additions or renewals for next year and most probably for the year after as well and perhaps for some years thereafter. With all due sympathy"

—now come the crocodile tears, if I may say so, sympathy for the manufacturers but accompanied with feelings of exaltation for the result—this is a very remarkable sentence and I beg the House to weigh it properly—

"with all due sympathy for the people who have been expecting orders to build wagons"—

—merely expecting orders as a matter of grace—

"we should be rightly charged with hypocrisy if we did not regard this great saving of public money with considerable satisfaction."



Satisfaction indeed! Satisfaction at what? Satisfaction at squandering away 15 crores of rupees of the tax-payers! Satisfaction at killing home industries at the expense of patronising British industries! Satisfaction at turning out more than 5,000 skilled labourers into the streets, because no other fate awaits them after this allegation that for some years hereafter we shall not require any more wagons. At the conclusion also my friend, Sir Clement Hindley, says:

“At this stage”

—he was recounting the achievements of the Railway Board for the year—

“perhaps I need only mention the facts that we have definitely overcome wagon shortage”—

—and how? By overstocking India with unnecessary wagons to the number of thirty thousand. That is the satisfaction. Now, Sir, I hope my Honourable friend, Mr. Cocke, will now realise what really able and competent men can do!

I do not think I will be true to myself if I do not on the floor of this House mention the fact that it is the common belief that all this policy was neither a mistake, *bona fide* or otherwise, but it was, as I hinted some time ago, due to the exigencies of what happened after the War. There was the War of 1918. Then it is commonly believed that despatches were received from England in this country calling upon the Government of India to assist home industries in the best possible manner by obtaining as many orders as possible for these and other things. If that is so . . . .

**The Honourable Sir Charles Innes:** May I contradict that statement at once, Sir?

**Pandit Motilal Nehru:** I am glad that my friend contradicts it.

**Mr. T. C. Goswami:** That is only a formal denial. There are statements actually made in Parliament which tend to prove it.

**Pandit Motilal Nehru:** But if the belief is wrong I say it is wholly excusable and pardonable, if it is not actually true.

Now, Sir, this is the story of the wagons. But is this all? As I have said, many other points have been discussed in this House, and many more will be discussed. On the top of the wagon story comes the Raven Committee's revelations. There again my friend, Sir Charles Innes, took credit for his bravery and frankness and courage. He invited the Raven Committee to go into these matters and the report of that Committee is in the hands of everyone. I do admire that courage, but I would admire my friend, Sir Charles Innes' courage more if he would devise means to compensate India for the loss that it has sustained by these wagons.

Now all these things are going on and what are our Railway lords doing? Going about in special trains. It so happened when I was going from pillar to post and travelling by all sort of conveyances, bullock carts included, I arrived one afternoon at Khandwar station, there being a breakdown of my motor car. And what did I find? A special train glittering in white and gold. I thought it was the Viceroy, but I knew that His Excellency the Viceroy was not travelling at the time. I looked from my waiting room and was told it was the Railway Board Special. Then I peeped out and what did I see? I saw all the railway officials drawn up on the platform, even the dhoti-clad babu having

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provided himself with a pair of trousers for the occasion, and they were all there as a guard of honour for the Members of the Railway Board. They came, they saw, they conquered, and after ten minutes when I peeped out again, I saw the train had gone. That was the luxurious way in which they were travelling, and this is the account they give of what they have been doing, after the high salaries they draw and the luxuries which they enjoy. I need not repeat the few things that have been laid before the House, I say this question of wagons alone is sufficient to condemn any Railway Board. Of course there are other things which I have no doubt other Members will develop. I have taken a good long time and I do not wish to keep the House for any length of time more. There is for instance the coal scandal connected with the name of Mr. Church the engineer. Then there is the North Western Railway underframes scandal, rejected after being made.

**The Honourable Sir Charles Innes:** What is the scandal?

**Pandit Motilal Nehru:** Underframes made by a Calcutta firm.

**The Honourable Sir Charles Innes:** An Indian firm.

**Pandit Motilal Nehru:** Yes, made by an Indian firm on a wrong specification evolved by the consulting engineers of the Railway Board, and when this consignment is delivered, they find it has to be rejected, involving the loss of several lakhs of rupees. It is an Indian firm who did it, but the Indian firm only conformed to the specifications of the Board's engineers. What happened was that these frames, when they were delivered, were found to be wholly unsuitable and had to be rejected.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Because they were not British steel frames!

**Pandit Motilal Nehru:** Then there is the question of an Indian member of the Railway Board, as my friend Mr. Srinivasa Iyengar pointed out. It is not one member, but we must have a majority of Indian members. (Swarajist Applause.) In that matter two definite promises have been broken. I call them definite promises and I can assure my friends on the opposite side that this side of the House will never be satisfied unless, not only one, but more than one member of the Railway Board are Indians, taken from among people who enjoy the confidence of the people, and not merely from a restricted field of selection on the pretence of having special knowledge. I quite agree with my friend that no special knowledge is necessary, no technical knowledge is necessary to be a member of the Railway Board. It is a regular business. I say that the high officials of the Finance Department, who know their business, would any day do it better than the present members of the Railway Board. Indeed it is a question of laying down policies, which after all is the business of the top of the administration. The top of the administration is not required to know how to mark a sledge hammer or what to do with an engine. I do not know whether I am safe in saying that perhaps Sir Clement Hindley does not know how to drive an engine—oh! he does. No technical knowledge is necessary; what is necessary is a business head, the ability to foresee things, to foresee the legitimate consequences of business enterprises and to fit one department of business into another so that they may collaborate and work together and not independently and be a burden to the tax-payer. That is what is wanted and for that any man who knows his business, who

carries his head on his shoulders and has had a training in various departments of the Government and knows how they work, will be enough. Your Finance Department, I am glad to say, to-day is an example of efficiency to other departments working under the Government of India and there are any number of people who would be available if you simply go and select your men from a wider field. However it is not for me to say where the man should come from and who he should be, nor who he should not be. What I say, is, it is a mere pretence to say men are not available. Now, Sir, I do not wish to go on any longer. What I will say is that the story that I have given, the facts that I have placed before the House, only show one thing, and that is that utter incompetency, gross negligence and utter disregard of the tax-payer are written large on the administration of the Railway Board. Sir, there is something rotten in the State of Denmark, and I submit that the Railway Board must be submitted to a very searching inquiry in all their departments, and I have not the least doubt that, if that is done, revelations not less startling than the Raven Committee revelations will be revealed.

**Sir Clement Hindley:** Sir, I rise to expose further instances of my incompetence in managing the railways from the Railway Board. It has been usual during the last two or three years to bring this motion forward in the House, and it has been my happy lot to sit and listen to these storms of abuse and to be defended by the Honourable Member in charge of Railways. I have not as a rule intervened at this stage in the budget discussion. I think, however, that it is only fair to the Members of this House that I should at once explain what I think about the Honourable Pandit's mare's nest of the 30,000 wagons. Sir, if the Honourable Pandit has based the whole of his case against the Railway Board on the particular instance of these 30,000 wagons, then he has a very hollow case indeed and I for one am perfectly willing, and I am sure my colleagues of the Railway Board will be with me, in having the whole of the story of the 30,000 wagons blazoned round the world and put in every railway technical magazine and placed before the railway managers of the world for their judgment. I know they are not sitting in judgment here, but I am prepared to have the details of that incident placed before the most competent railway managers all over the world, and I feel perfectly confident that we of the Railway Board will receive nothing but commendation. (Laughter.) I am glad a little laughter opposite has brought the matter perhaps to a little lighter aspect. So far as I am concerned, I want to give, from the railway manager's point of view, a short history of this particular mare's nest. When I came to the Railway Board, Honourable Members will perhaps remember that the Railway Department of the Government of India was suffering under the castigation of the Acworth Committee's Report. Now extracts from that report have been read and read again in this Assembly. And the particular work which I understood I was to do when I was placed in this position of Chief Commissioner for Railways, was to remedy the defects of railway administration which the Acworth Committee had brought to notice. One of the most important criticisms which they brought

1 P.M. against the railway administrations, which was based on evidence which they had collected all over India, was the insufficiency of wagons for handling goods. It is not a very long time ago, in 1921 when the Report was published, and screams of rage went up all over India when this evidence was collected showing that goods were not able to move because there

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was shortage of wagons. Instances were given. I gave an instance myself as Agent of the East Indian Railway where a whole crop, a very valuable oilseed crop in North Bihar had been unable to secure its market because the railways were unable to handle it. That is a recorded fact and I do not wish to enlarge upon it now but it meant a loss to the country and it meant a loss to the cultivator. The Acworth Committee's Report is full of instances of that kind where they proved that the railways were incapable of carrying the traffic that was offered. Public bodies continued to press upon Government this cry of shortage of wagons. Everywhere people found they were unable to move their goods in time. We had the cries of the coal trade, the wheat trade and others; and it was perfectly clear that there was a very good basis for this general complaint. Well, as I have said, I understood that one of my first duties in taking over charge of the Railway Board was to remedy this, amongst other things. Now one of the reasons for that shortage of wagons had been apparent to many of us in the railways for some years. The reason was, or rather the real facts were that wagons were not available at the loading places. In many cases wagons could not be got to the consigning points in time to take the traffic and they could not be got away in good time to the consignment points. The reason for that, as I say, was fairly well known to many of us on the railways. If any Honourable Member likes to find that old document in the Library, the Acworth Committee's Report, he will find the evidence which I myself gave as Agent of the East Indian Railway. I may be perhaps now writing an indictment of a former management. I could not quite understand from the Honourable Pandit whether he was making an indictment against the Railway Department of the Government of India for many years past, or whether his attack was particularly directed at me, but I concluded from most of his remarks that his attack was directed at me and my administration. When I was Agent of the East Indian Railway I brought to the notice of the Acworth Committee certain instances where insufficient funds had been allotted to the railway for improving the capacity of the line by doubling, by improving marshalling yards, by strengthening bridges, in order that we might be able to move our wagons more rapidly about and therefore solve the traffic problem. As Honourable Members are perfectly well aware, up to the year 1921 funds were not available for this purpose and the work was not done. Now, when I came to the Railway Board, I had to take rather a broader view of the matter than I did perhaps as Agent of the East Indian Railway; but I found that exactly the same conditions obtained over the whole of the country. On nearly every railway there had been limitation of the funds available for improving the capacity of the line and it took some time to ascertain what improvements were necessary, what money was necessary and how it could best be spent. It is impossible for one to come to an office like this and by a stroke of the pen to say *this* shall be done and *that* shall be done to-morrow. It is bound to take some time. Now I and my colleagues anticipated that when we had carried out some of the more important improvements on our programme we should be able to make better use of our wagons. We undoubtedly had that object in view when we recommended and got authority for expenditure on improvements. But I have, in my budget speech, and elsewhere, frankly admitted that none of us expected the results of those improvements to materialise as rapidly as they did. It is, I quite admit, an extremely difficult matter for laymen to understand, and it is very difficult for

technical people like myself perhaps to put the matter in clear language. I would like to give just a few instances in expansion of Mr. Parsons' answer the other day, a few reasons which have helped, which have contributed to the freer movement of wagons and therefore made more wagons available at the consignment points. First of all, we have a gradual improvement in the number of wagons under repair at any one time. Now in those years when I first came to the Railway Board there were very large arrears of maintenance and repairs. That also the Acworth Committee reported on. To overcome those arrears required a careful examination of the position and a certain amount of reorganisation of our methods. We did gradually overcome those arrears but it was very difficult to see at what period we should have recovered from the effects of the War. Actually the improvement in overcoming arrears of repairs and certain other improvements which we mention elsewhere in regard to our workshops have effected a very considerable reduction in the number of wagons under repair at any one time. Now if this is put into figures what does it actually mean? On one railway, for instance, there were as many as 8 per cent. of the wagons under repair in the workshops at one time. Now Honourable Members opposite are not, I submit, Sir, in a position to say whether that is a large figure or a small figure. No Honourable Member opposite, unless he has an intimate knowledge of railway work in this country or elsewhere, can say whether 8 per cent. is a large or a small figure of your total stock to be under repair in your workshops at any one time and it was only by improving our methods in the workshops—an improvement which is gradually going on now and which must take some time—that we found it possible to have a fewer number of wagons in the workshops at any one time. We have in certain workshops reduced that number, by increasing our speed of repairs, to about  $1\frac{1}{2}$  per cent. It does not follow that that is possible everywhere, nor does it follow that it can be maintained at that figure, but that is the figure to which we can aim, and that means an addition to our effective wagon stock of something like 6 per cent. We have been accused of scandalous waste of money in the past, presumably because of the fact that we had that 6, 7 or 8 per cent. of wagons under repairs at one time—that is what my Honourable friend means by his indictment. We have been accused of scandalous waste of money in having that number of wagons under repairs in the workshops at any one time.

**Pandit Motilal Nehru:** Not at all. That is not my case.

**Sir Clement Hindley:** If I may be allowed to continue, the Honourable Pandit will see that that is part of his case as I understand it. Because it is by reducing that number that we have what he is pleased to call a surplus of wagons.

**Pandit Motilal Nehru:** Not what I am pleased to call, but what you are pleased to call.

**Sir Clement Hindley:** Very well, what I am pleased to call a surplus of wagons. Is it seriously contended that I when I came to the Railway Board in 1922 should have said, "From to-morrow the wagons will only take a week in the shop instead of six weeks?" Is that the argument? Where did that method come from—the method that we are now applying in the workshops to our repairs? It came as a result of the strenuous

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efforts that were made during the War to produce materials in large quantities on the Continent and in America. It was a new discovery just as the aeroplanes are a new discovery, just as the motor cars are a new discovery. I see a smile on the Honourable Pandit's face. But it is the fact that aeroplanes are a comparatively recent discovery and this business of mass production in workshops is also a very recent discovery. We may be blamed for not discovering it before just as you would probably blame the airmen for not having discovered aeroplanes before. Now, Sir, let me proceed. This is one of the causes why we are now able to meet the demands of traffic and are not in the old position of having to refuse wagons for traffic. We have by that and other means which I shall relate presently arrived at a position where we can meet the demands of traffic, whereas five years ago we were unable to meet the demands of traffic with the wagons that we had. It is not true to say that we have done that by buying more wagons. Unfortunately I have not got the figures here to show how many wagons have been bought in the last five years, but it is not anything like what the Honourable Pandit has said. The wagons that have been purchased in India during the last five years, and that is a point to which I shall refer again, have been based to a large extent on the capacity of the Indian manufacturing firms. We have not purchased 30,000 wagons in the last five years and we have not thrown away Rs. 15 crores of public money.

Now, I wish just to mention one or two other matters bearing on this particular question, that is to say, the reasons why we are now in a position to have wagons ready for moving traffic whereas five years ago we were not in a position to meet the demands of the public traffic. For instance, the strengthening of bridges and the strengthening of tracks—I must apologise to the House if they think that I am giving them a technical lecture, a matter which I was accused of last year. But it is important. I have been accused of gross extravagance and gross incompetence and I claim it is within my right to make my position clear in this matter. (Laughter from the Congress Party Benches.) This is not a light matter with me and my professional reputation has been impugned and it is open to me as a Member of this House to explain it.

**Mr. President:** The Honourable Member will have the fullest protection from the Chair.

**Sir Clement Hindley:** Another matter which has conduced to our having wagons available for traffic is that we have been going through a long programme of strengthening of bridges and tracks in order to carry heavier locomotives than we had done before. Those heavier locomotives can carry heavier and higher capacity wagons and they can travel at higher speeds. This is also a very important factor in making more wagons available. On one section alone which I may mention, we have been able to improve our bridges—I suppose I would be accused there of a dereliction of duty, in not having improved those bridges on the day I took over charge. We have increased the load on our trains from 1,100 tons to 1,450 tons. That is a very great facility in meeting traffic demands and means that we have more wagons available than we require.

**Mr. A. Rangaswami Iyengar:** Yet you order more wagons. (Laughter from the Congress Party Benches.)

**Sir Clement Hindley:** If you like I will go on. I do not think the House is listening to these technical points and I do not wish to weary it . . . . .

**An Honourable Member:** There is nothing very technical in it.

**Sir Clement Hindley:** There are other causes. We have, for instance, gradually adopted vacuum brakes on goods trains. I do not think—I am not certain—that there is any other country in the world that has adopted the use of vacuum brakes throughout on its goods trains, and this, up to date has effected an increase in the speed of goods trains by at least 10 per cent. and we expect to get a very much larger increase. I cannot go into the technical reasons in full, but I wish to say that the vacuum brake does enable an increase of speed to be made on goods trains. We have also adopted over all the main lines a system of telephone train control which enables us to get our trains through with fewer delays. As wagons have been ordered during the last 10, 15 or 20 years, they have been ordered to a higher capacity than the older wagons and that has resulted in a larger carrying capacity of our wagons as a whole.

Then we come to the particular point about these 30,000 wagons which seems to have obsessed the Honourable Pandit. I have given in as brief a form as possible the technical reasons why we have arrived at the present position and why the former criticisms which used to come from this House about shortage of wagons do not now come up. It is considered to be an extraordinary fact apparently by Members opposite that we should have available 30,000 wagons more than we require on any particular day for loading. Have Honourable Members opposite studied the matter? Do they know enough about railway economics to say that this is unnecessary? (*An Honourable Member:* "Do without it.") In those years about which the Acworth Committee have written there was a shortage of wagons every day, we had a minus quantity of wagons and people were crying for wagons. Now when we are loading something like 12,000 to 15,000 wagons a day we have at the present moment I think something like 5,000 or 6,000 wagons over and above what we require for loading. That is to say, to-day when I am loading all over the country 15,000 wagons I have 5,000 or 6,000 wagons available against to-morrow's demand. Those 15,000 wagons I have got to load to-morrow, and where are they coming from? They are coming in all over the country unloaded here, there and elsewhere and brought in. Supposing they do not all arrive in time, how am I going to meet the demand, the insistent demand of merchants and others for loading wagons? Is it reasonable to expect that we should go on without any reserve at all? Is it reasonable that we should live from hand to mouth every day? In the coalfields alone . . . (There was talking going on in the Congress Party Benches.) If the Honourable Members opposite do not wish to listen to me . . . (Laughter).

**Mr. President:** The Honourable Member need take no notice of all this.

**Mr. Chaman Lall:** Have not the Honourable Members a right to laugh?

**Mr. President:** Order, order.

**Sir Clement Hindley:** I do not mind anybody laughing so long as I can carry on my speech. We are loading something like 4,000 to 5,000 wagons in the coalfields alone. Some of these go to Bombay, some to Calcutta and others to Cawnpore. They have got to get back over long distances; some come back with goods and others without

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goods. When 4,000 wagons are required in the coalfields alone every day, is it unreasonable that we should have something like 5,000 or 6,000 wagons scattered all over the country ready and available in cases of emergency for loading to-morrow?

**Pandit Motilal Nehru:** May I ask the Honourable Member whether he knew that when he said there was a surplus of 30,000 wagons,

**Sir Clement Hindley:** I think that Honourable Members have not perhaps had an opportunity of reading my evidence before the Royal Agricultural Commission. I do not know whether it has been published yet but I can explain what it was. I will come to it a little later. When we are loading what we call our peak traffic, we have something like 5 or 6 thousand wagons spare, not spare in the sense that the Honourable Pandit means, that this might be taken away and nobody would notice their loss, not spare in the sense that we have bought them and thrown away public money, but spare in the sense that they are a reserve against what we are going to load to-morrow. In 3 months of last year when traffic was slack we had practically continuously as many as 3,000 wagons. Now, we get down to the point. You can call it a reserve if you like. What I told the Agricultural Commission was this. I had put before me by the Agricultural Commission a very serious complaint from somebody in the United Provinces on shortage of wagons. From the wording of that document, I was perfectly certain that it was a resuscitation of an old complaint dating back from some years before. I said to the Royal Commission that that complaint was out of date. It may have applied to the years 1919, 1920 or 1921 but it does not apply now and to strengthen my argument I said the figures of wagons available at the moment were 30,000 and they had been so for the last three months. And I pointed out that the complaint that they could not get wagons to load could not be justified. That was the essence of the evidence I gave before the Agricultural Commission. Now, Sir, as I have said just now, is it unreasonable for us to have a certain reserve of wagons for loading? We hear a great deal of efficiency in America. I have with me here a document issued by the Bureau of Railway Economics which gives certain figures relating to American railways. I would just like to read a short extract:

"The improvement in equipment condition, in combination with the increased capacity of the plant and a more efficient basis of operation, put the carriers in the position of having at all times during 1925 a surplus or reserve amount of equipment sufficient to guarantee that, whatever further traffic was offered, the increase could and would be handled with corresponding effectiveness. Impressive proof of this is furnished by statistical compilations of the Car Service Division, relating to number of stores locomotives and surplus freight cars in good condition throughout the year 1925. Beginning with a total of 4,849 stored locomotives on January 1st, and ending the year with 5,166, at no time during the twelve months did the railways have less than 4,208 locomotives in reserve, while from April to August the reserve ran consistently above 6,000."

These are the railways of America: the pamphlet goes on:

"Similarly, the year opened with 266,252 surplus freight cars in good physical condition and closed with 267,739. The minimum number of reserve cars reported during the year was 104,000 while the maximum was 345,000."

Now, Sir, if America with its efficient railways finds it advisable from the business point of view to have a reserve stock of these dimensions, is it extravagant, is it throwing away public money that we should have either 5,000 or 30,000 wagons in excess of our actual requirements?

**Mr. A. Rangaswamy Iyengar:** Is this a reserve or a surplus?



**Sir Clement Hindley:** I am perfectly willing to call it either a reserve or a surplus. It is a matter of language. But actually these wagons are in reserve against the incidence of railway traffic.

(At this stage there were several attempts at interruption from Honourable Members.)

**Mr. President:** The Honourable Member has made it clear more than once that he is not willing to answer questions

**Sir Clement Hindley:** Honourable Members will, I think, probably agree with me that in order to prevent serious complaints from the public that we do not provide wagons in sufficient numbers, it is necessary to have some reserve. Now the question at issue between myself and the Honourable Pandit is as to what the size of that reserve should be.

**Pandit Motilal Nehru:** I do not admit that it is a reserve at all.

**Sir Clement Hindley:** I have just said it is a matter of language. The Honourable Pandit may not admit that it is a reserve. Anyhow I can perhaps be permitted to have my opinion that it is a reserve.

**Pandit Motilal Nehru:** I am only referring to Mr. Parsons' statement that it is not a reserve.

**Sir Clement Hindley:** If it is not a reserve, I do not know what is. The Honourable Pandit does not, I think, claim to be an expert on railway management.

**Pandit Motilal Nehru:** I am an expert, when the facts are before me.

**Sir Clement Hindley:** Am I to take it, Sir, that the Honourable Pandit really knows what the reserve on Indian railways ought to be?

(Several Honourable Members tried to interrupt at this stage.)

**Mr. President:** I would ask the Honourable Members not to interrupt the Honourable Member. He cannot go on with his speech with the fire of these interruptions. (*An Honourable Member:* "He cannot object to laughter.")

**Sir Clement Hindley:** I have no objection to good-tempered criticism or to laughter. I want to be allowed to pursue my line of thought. Now, Sir, the size of this reserve is the real matter at issue. Does the Honourable Pandit profess to know what the size of this reserve should be? I frankly confess—I make no bones about it—this is a matter with which we must experiment and I would rather have a slightly larger reserve than is really necessary than one which is not sufficient to meet all demands. The House can express its opinion on this when it comes to vote.

**Pandit Motilal Nehru:** Does the Honourable Member expect me to answer his question? I do not pretend to know what the size of the reserve should be. What I rely upon is the Honourable Mr. Parsons' reply in which he does not say that it was a reserve and accounts for it in other ways.

**Sir Clement Hindley:** Sir, the wagons are there for anybody to see and I would claim that whatever wagons we have ordered during the last few years have not been a waste of public money. The present position is, as I have shown, that we have a reasonable reserve and I do not think that this House is in a position to challenge the opinion of its expert officers on railway management in regard to what the size of the reserve of wagons ought to be. If they wish to express their deep sense of the wrong we have done in the purchase of these wagons, of course they are entitled to give their vote in that sense, but as an expert, with a special privilege of

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being able to speak to this Honourable House, I would say that the opinions of the Railway Board on this subject are worthy of hearing.

Now, Sir, I do not think it is necessary for me to go into the vexed question of the wagon industry. I could not help thinking, when the Honourable Pandit Motilal, having exhausted his thunderbolts and his lightnings at me and my colleagues, came down to the somewhat plaintive cry about the Indian wagon industry, what all this is about. I do not think he really thought that I had thrown away 15 crores of public money. I think he was working up to the Indian wagon industry. Now, Sir, what would he expect us to do when we found that for this year at any rate it would be waste of public money if we bought any more wagons. Does he expect me to say nothing about this and order more wagons? It would be a very easy thing to do. Nobody would have heard anything about it and I should have sat down here and nobody would think that this is the sort of yarn that the Honourable Pandit would like us to believe.

**Pandit Motilal Nehru:** You will not say it until there is another Agricultural Commission.

**The Honourable Sir Clement Hindley:** I do not know whether the Honourable Pandit wants to make a second speech now, but perhaps he may find an opportunity later. I want to know in view of this indictment whether it was my duty to buy more wagons to feed the Indian wagon-building industry, or whether it was right for us to make the matter public and say we do not now think we need to buy any more wagons? Which was the right thing for us to do? Am I to be abused, Sir, in this wholesale fashion because I have put the facts forward and because I have said that now is not the time to buy any more wagons? That seems to be an extraordinary position for a public servant to be in here. Here I say you can save yourselves the money which would otherwise go into the pockets of the Indian wagon-building industry. But I suppose, Sir, it is their privilege that public servants should be abused. But that is the position as I see it. The Honourable Pandit knows perfectly well what has happened because we have made the matter public as soon as we found that it would not be necessary to buy any more wagons this year. We put the matter frankly before the Indian wagon-building firms; we had discussions with them and we made certain offers to them, which they in one instance refused. I submit that Government have gone the whole length they could go in that respect, and it is not really for this House to abuse us because we decided not to place orders for wagons that were not required.

On the subject of the Raven Committee's Report, Sir, I could speak at some length. The principal point that has been brought up against us—and there I believe it has been recognized generally that we have made, I do not like to say honest, because I think Honourable Members opposite think that we have no honesty in us at all—but we have made a simple effort perhaps to put matters right in our workshops.

**Mr. President:** I do not desire to interrupt the Honourable Member but I would like to know whether he is going to be long?

**The Honourable Sir Clement Hindley:** No, Sir, I will sit down directly. I only want to say this, that if Honourable Members will study with any care that document, instead of only reading pages 81 and 82, which Mr. Chetty has drawn their attention to, they will see that there is rather more in it than an accusation that we have been throwing stores about the place,

writing them off and then declaring a faked surplus. And, Sir, if I may use so strong a word, I would say that it is merely childish to take one page out of a book and make an indictment upon that. There is any amount of evidence in that book to show that what has been referred to there in regard to stores is a matter of store-keeping and book-keeping, and does not connote any serious waste or loss of stores. I only want to say, Sir, that that matter of the store-keeping and book-keeping in regard to stores is being very carefully examined now by our expert accountant officers and we have hopes of putting these matters on a completely satisfactory footing. I want to answer merely the accusation of Mr. Chetty and others that there is anything in that book which says that we have wantonly thrown away or lost public stores.

**Mr. M. A. Jinnah:** I would just like to know one fact from the Honourable Member, because I may not have the opportunity again of asking him this question. Would he kindly tell the House within what period these 30,000 wagons were bought?

**Sir Hari Singh Gour:** And where?

**The Honourable Sir Charles Innes:** I shall try to get that information by the time the House re-assembles.

The Assembly then adjourned for Lunch till Twenty-Five Minutes Past Two of the Clock.

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The Assembly re-assembled after Lunch at Twenty-Five Minutes Past Two of the Clock, Mr. President in the Chair.

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**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, is there any quorum in the House?

**Mr. B. Das** (Orissa Division: Non-Muhammadan): May I inquire why the Government Members are absent from the House?

(*An Honourable Member:* "We have got a quorum and we can proceed.")

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#### MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, the following message has been received from the Secretary of the Council of State:

"I am directed to inform you that the Bill further to amend the Societies Registration Act, 1860, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 15th February, 1927, was passed by the Council of State at its meeting on the 22nd February, 1927, with the following amendments:

In clause 2—

(1) before the words 'In section 20' the words 'In the preamble to and' were inserted;

(2) the letter and brackets '(a)', the word 'and', and the whole of sub-clause (b) were omitted.

2. The Council of State requests the concurrence of the Legislative Assembly in the amendments."

Sir, I lay on the table the Bill as amended by the Council of State.

# THE RAILWAY BUDGET—LIST OF DEMANDS.

## SECOND STAGE.

### *Expenditure from Revenue.*

#### DEMAND NO. 1.—RAILWAY BOARD.

**Mr. President:** The House will now resume discussion on the motion moved by Sir Charles Innes and the amendment proposed by Mr. Srinivasa Iyengar.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I rise to support the amendment before the House, and I can assure the Treasury Benches that I take as serious a view of the motion before the House as they themselves take. I feel that no Legislature can pass such a serious motion of censure on a department of the Government unless they mean in every sense all that such a motion can imply. Sir, in the last two years motions of similar nature were, I understand, considered and passed by the Assemblies of those days. But this motion, Sir, at this time has a particular significance, and I think this side of the House has a special reason to press that this motion be carried. Why I say this is that I was more than surprised to hear from my Honourable friend the Commerce Member that the last two conditions of the convention resolution regarding Indianisation and stores were not a part of the convention. Technically, I may concede that the Commerce Member is correct, but I am sure that he will bear me out when I say that to all intents and purposes Sir Charles Innes promised us, the non-officials who were a party to that convention, that Government would try their level best and carry out those two conditions also, although not embodied in the first part of the convention. Sir, the three years of the convention will be over next September. Sir Charles Innes himself said the other day that he would be prepared, if the Assembly wished, to revise the convention. May I ask if Government have played their part in the convention? And when replying let him bear in mind that they have failed to carry out the virtual promise given by Sir Charles Innes that Government would at the earliest opportunity try and put an Indian on to the Railway Board. It is not, Sir, a question of one or two Indians on the Railway Board. We are longing for the day when the Railway Board will have all Indians on it (Hear, hear). Now if you do not make a beginning now, and you have not made a beginning in the last three years despite the additional part of the convention Resolution, may I ask, if it is the intention of Sir Charles Innes and the Government of India that it should take a century before the Railway Board is fully Indianised. The day is past, Sir, when we can justifiably be told that there are not Indians capable of occupying those positions. It will carry no weight on this side of the House, it will carry no weight with the country, and I think that Government simply make themselves ridiculous by advancing arguments of that nature. That is why in 1924 we felt that if Government made a beginning with one or two appointments when the first opportunity arose, the country may be satisfied. In three years' time Government have made no beginning at all. There was an encouraging sign when Sir Basil Blackett said that the scales would be definitely weighted in favour of an Indian when there was a vacancy, and, the way the vacancy of the Financial Commissioner was filled may well make any one despair. I feel, Sir, that the Government of India in the Commerce Department have themselves to thank if this side of the House

insists that a severe censure of this nature should be repeated from year to year for the reason that the Government of India in the Commerce Department have failed to carry out what was a virtual promise by the Honourable Member—and the opportunity, Sir, occurred last year and was deliberately allowed to go past us.

Sir, I would have rested content with only these observations explaining my reasons for supporting this motion, but Sir Charles Innes yesterday in the course of his reply on the general debate named the Acworth Committee on which it was my privilege and what I now regard as my proud privilege to have been associated with those three distinguished Britishers who were brought out to report on the Indian railways. I, Sir, was anxious to rise immediately to correct what I thought was a misstatement by the Honourable the Commerce Member. But lately, Sir, the Honourable Members on the Government Benches seem to have made up their minds not to give way when anybody on this side of the House wishes to correct them in a wrong and misleading statement or even to make a personal explanation. That is the reason, Sir, why I wish to ask for your indulgence for a few minutes to refer to one or two of the subjects which have been discussed this morning in the House with much heat and with considerable sighs on either side of the House. Sir Charles Innes, Sir, relied on the Report of the Acworth Committee for the purchase of wagons which are now said to be surplus wagons. May I ask the Commerce Member, Sir, to quote me any part of the Report of the Acworth Committee containing a recommendation regarding increased rolling stock being purchased? What I believe the Commerce Member has in mind is that the Acworth Committee said that enough funds were not supplied or earmarked by the Government of India to the Railways of India for the purpose of repairs and renewals to the railway plant and arrears of some. But, Sir, that did not by any means imply that the Acworth Committee said that you must buy more wagons or more locomotives or for the matter of that more of any particular plant necessary to run our railways. The Bengal Chamber, Sir, in that year 1920-21, when the Acworth Committee was sitting, actually passed a resolution and asked the Government of India to call upon—those were the words used by the Bengal Chamber—to call upon the Acworth Committee to submit an *ad interim* Report. The Acworth Committee, when that resolution was passed on to them by the Government of India in the Finance Department, pointed out that the terms of reference to them did not call upon them to look into defects in various parts of the railway administration but they were to advise about—and I now quote, Sir, from paragraph 14 of that Report:

“(A) management whether directly by the State or by Companies in England or in India,

“(B) the constitution, status and functions of the Government organ of administrative control,

(C) finance and financial control,

(D) the relation between the railways and their customers,

(E) miscellaneous cognate questions.”

The Acworth Committee cannot possibly therefore be relied upon by either the Commerce Member or the Chief Commissioner for Railways for either the surplus of wagons or a surplus of anything else that may to-day be discovered by them. I feel, however, Sir, that I would very much be inclined to agree with the Commerce Member when he pleaded before the House yesterday that those who have to do constructive work cannot do it without

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a few mistakes. I fully agree with and sympathise with that, and as a merchant I myself am wide-awake to the fact that I rarely do any sort of constructive work unless I make a few mistakes. But the question is were these particular mistakes in ordinary course of business or was there any neglect in what is now being discovered and admitted by the Railway Board as mistakes. I will here, Sir, remind my Honourable friends on the other side of another Committee to which none of the members on the other side has referred, and that, Sir, is the Inchcape Committee. The Inchcape Committee which reported in March 1923 pointed out, Sir,—and I am now referring to page 74 of their report under the head “Locomotives” this: I will only read a few lines:

“It will be observed that it is proposed in 1923-24 to replace by new engines no less than 405 locomotives in 1923-24, out of a total stock of 8,136, which is equivalent to renewing on a 20 years life basis. We regard this as excessive.”

In the next paragraph again they say:

“It is clear, therefore, that there is a large surplus stock of locomotives on the North-Western Railway.”

Then again under “Carriage and Wagon Stock” they say:

“The provision for the renewal of coaching stock does not call for special comment, but with regard to freight stock the expenditure on the North-Western and Madras and Southern Mahratta Railways should, we think, be largely curtailed.”

Under “Miscellaneous Vehicles” they say:

“We think it is evident that the proposed provision for the two railways named is excessive and should be drastically curtailed.”

Further on page 69 they say:

“With regard to goods stock the maximum tonnage conveyed in any year subsequent to 1913-14 was only 8·8 per cent. in excess of the tonnage conveyed in that year, whereas the stock of wagons has increased by 21 per cent. Further, large orders have been placed for additional goods vehicles in 1922-23 and additional orders are contemplated for 1923-24 although no great increase in traffic is anticipated.”

I venture to ask how many wagons and locomotives were bought after the Inchcape Committee reported? My Honourable friend from Agra, Pandit Hirday Nath Kunzru, yesterday in the course of his speech pointedly asked for similar figures. I expected the Commerce Member in the course of his reply yesterday to supply my friend Mr. Kunzru with some figures. But these figures have still to come from Government. In the meantime, I have been able to look up a few figures which I would very much like the Railway Department to explain before the House votes on this motion. I have culled these figures from Railway Administration Reports of respective years. In 1923-24 the net additions to locomotives was 168. This was after what the Inchcape Committee reported. The net additions to wagons was 6,238. In 1924-25 locomotives on order were 207, locomotives placed on the line were 137, wagons on order 9,951 and wagons placed on the line were 4,885. In 1925-26 locomotives on order were 208, those placed on the line 179, wagons on order 12,246, and those placed on the line were 7,725. These are big figures after the warning of the Inchcape Committee and need the fullest explanation if the Railway Board wish to escape from the charge of deliberately overlooking the unequivocal report ~~only~~ in 1923.

The Chief Commissioner, Sir, asked whether what is called "excess" may not be regarded as a "reserve", and that I think was particularly in connection with the wagon question raised by the Honourable Pandit Motilal Nehru. He asked the Honourable Pandit what was the reserve of wagons which the Indians Railways needed. Naturally the Honourable Pandit said "I am not in charge of the Railways of India and I cannot give a reply to it." The Chief Commissioner then confessed that he himself could not say what the reserve should be. May I ask him whether any of the Committees which have reported till now did say that India should have a reserve and if so what is the percentage of reserve of wagons or locomotives which any of these Committees have recommended? I am particularly fortified in making this enquiry because I know that on the Inchcape Committee we had the benefit of the advice of a very leading official of one of the English Railways, Mr. J. Milne, and all the calculations embodied in the report were based on methods and on calculations which were absolutely up to date even in the West till 1923. It therefore strikes me as a little shifting of the ground for the Railway Board to say that what we ordinarily call here as surplus wagons may be regarded as a reserve of wagon capacity for the Indian Railways.

Even granting that the Railway Board are not guilty of neglect regarding the surpluses under reference, can this debate of to-day not be laid at the door of the tendency of the Railway Board not to take into their confidence the two Committees which are attached to that Department? Why was the Standing Finance Committee for Railways, Sir, not appraised of all this last year and this year? And if they were, we would like to know what that Committee said regarding the position which we are discussing so exhaustively and with so much heat in the House. I see my friend Mr. Jamnadas Mehta shakes his head, by which I infer that it never was brought before the Railway Finance Committee.

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadian Urban): Not this time.

**Mr. A. A. L. Parsons:** There was no Standing Finance Committee in existence at the time I was able to put it forward.

**Sir Purshotamdas Thakurdas:** I take it that there was a Standing Finance Committee in existence till last September. I will again give way for a reply.

**Mr. A. A. L. Parsons:** You asked a question and I am sure you will give way. There was certainly a Standing Finance Committee until the end of last Session; but negotiations with the wagon building firms were then going on and there was nothing which, without prejudicing the interests of those firms, I could have made public.

**Mr. Jamnadas M. Mehta:** May I inform the House that the question of rolling stock was especially excluded before the Standing Finance Committee.

**Sir Purshotamdas Thakurdas:** If this item was excluded from discussion by that Committee of this House which was appointed for the purpose of going into these details, it does not lie in the mouth of any officer of the Railway Department to get up and say that these are highly technical matters and cannot be understood by this House.

**Mr. A. A. L. Parsons:** The only reason why this was excluded from the present Standing Finance Committee was that the previous Standing Finance Committee had dealt with the rolling stock programme for which money was going to be asked in this Budget. That was the sole reason and there was no idea of keeping the matter away from the Standing Finance Committee.

**Sir Purshotamdas Thakurdas:** I understand that my friend Mr. Jamnadas Mehta was a member of the previous Standing Finance Committee also.

**Mr. Jamnadas M. Mehta:** I was in the walk-out at that time.

**Sir Purshotamdas Thakurdas:** I feel, Sir, that the Railway Department had good reason to infer or to suspect that this matter would be discussed in the House and they should have taken the Standing Finance Committee for Railways into their confidence before the Railway Budget was presented to the House. If, as Mr. Parsons says, there was no time, all that can be said is that it is a peculiarly unfortunate coincidence that the Committee appointed by this House could not go into this matter and satisfy themselves that the explanation now given to the House was satisfactory.

But I saw the Honourable Sir Charles Innes speaking with great feeling yesterday, regarding certain Members on this side of the House who made obvious inferences which I suggest to Sir Charles Innes he himself would have made if he was a Member on this side of the House without the information that he possesses in virtue of his office on the other side of the House. Members who see and hear piecemeal all the things we have read of till now have, after all, some capacity to think. They put two and two together and have very frankly ventilated their views that after all may not this be the result of a scheme for providing more orders in England. I do not wish, nor, I am sure, will any Member either wish to close his mind to any further grounds that may be urged on the other side; but I do not think that it lies, Sir, either with the officers of the Railway Department or the Honourable Sir Charles Innes to say to anybody who frankly expresses his opinion on this score, basing it on the obvious inference which he is compelled to draw, that he is unjustified in making the inference. He may be proved ultimately to be rash in making such an inference, but he is *prima facie* justified in making it. Does it lie with Sir Charles Innes to take such a Member to task? On this side of the House suspicion is increasing regarding certain methods which are followed by some departments of the Government of India, which are believed to be not in the best interests of India. I submit that the other side of the House had best look into their own shortcomings in not taking Members on this side of the House into their confidence. No one on this side of the House enjoys having to run down any officer of the Government of India.

**Lieut.-Colonel H. A. J. Gidney** (Nominated : Anglo-Indians): Question.

**Sir Purshotamdas Thakurdas:** My friend Colonel Gidney may question it, but I am sure of it because I have been talking about this matter with Members since two days. I can assure Colonel Gidney that he is not the only man that can appreciate good work done. The whole question is, is the good work something that is tangible and that serves the interests of the tax-payer. As soon as you can afford Members on this side of the



House any proof of it there will be Members springing up from this side of the House to congratulate the Railway Board more than Colonel Gidney can do.

It is with a heavy heart, but with just conviction that I say that the Commerce Department have deserved this vote which this side of the House wish to see passed. Sir Charles Innes and his department have not carried out the modest moral undertaking which they gave to non-official Members at the time of the railway convention that the first available seat on the Railway Board will as far as possible be made available to an Indian. It may be that that was no part of the convention which Government Members accepted officially, but to all intents and purposes we were told later that every time a seat was available on the Railway Board the scales would be weighted in favour of an Indian with equal qualifications as a European. No Indian would ever be available unless this side of the House pressed the claims of Indians year in and year out, and that is what this side of the House is determined to do.

Regarding the other question of surplus stores, wagons and locomotives, I am sure that everyone here has still an open mind and would like more information put before the House in order that Sir Clement Hindley may prove that he does not deserve the strong terms which have been used this morning.

**Colonel J. D. Crawford:** Sir, I rise at this point because I find myself in considerable difficulty. The speech of my Honourable friend, 3 P.M. Pandit Motilal Nehru, has left me in somewhat of a dilemma, because I feel that there are points upon which I would like to give my vote and yet I am asked to vote on the large issue of cutting down the whole of the supplies. The gentlemanly attributes of the Pandit are well known to the House, and he has shown that he is very much more civilised than I am, because while he proposes to knock his victim on the head with one blow, I desire to tear him to bits and to kill him by inches. In asking me and my colleagues here to vote on the question of the omission of the whole vote, I feel that we cannot go with him, but had the attention of the House been concentrated on some of the points which he raised in his speech, I feel that possibly some of us might have voted along with him.

On this question of wagon shortage I felt that the Pandit had made on my mind a very good impression, but Sir Clement Hindley's explanation satisfied me to some extent. I am however still left in a quandary. It seems to me that the Indian wagon industry has had some sort of pledge from the authorities of the Railway Board; and if not exactly a pledge, a good deal of encouragement. I presume the Railway Board gave that encouragement to the Indian wagon industry as one of the methods by which they hoped to get over the question of the shortage of wagons which was of great moment at the time. As Sir Clement Hindley has explained, the methods adopted to speed up traffic proved so successful that the question of increasing the supply of wagons is no longer necessary. I would like to know from Sir Clement Hindley exactly what the annual replacements are likely to be when he has fulfilled the whole of his programme of improving facilities for traffic and the supply which he gets from those means has been incorporated into his ordinary programme. What would then be the supply of wagons required per annum by railways, and will the Indian wagon industry then have sufficient work to do?

[Col. J. D. Crawford.]

As I have said, however, I feel that the motion before the House at the moment is one to which I cannot lend support. I believe that in putting forward a motion of this nature we are going back to yesterday and opening out once more a general discussion on the Railway Budget instead of endeavouring to concentrate the attention of the House on points of policy which we desire to criticise and on which the vote of the House would be an important factor. For that reason I myself have an amendment down for discussion later on a point of policy. On this occasion I must however vote against the motion of my friend, Mr. Srinivasa Iyengar.

**Lala Lajpat Rai** (Jullundur Division: Non-Muhammadan): Sir, I rise to support the motion moved by my Honourable friend, Mr. Srinivasa Iyengar. It was said by one Honourable Member from this side of the House that it is ridiculous for us to omit Demands like this altogether, by which we encourage the Government of India to exercise their powers of certification too often. Well, Sir, on the face of it it does look ridiculous, but what are we to do? Has the Government of India during the last three or four years shown any regard for the opinions and sentiments of the people of India with reference to the administration of the Railways or with regard to the general policy of the Government of India? If they are in the habit of continuously disregarding the wishes of this side of the House and of the general feelings of the community, what are we to do, but to record our censure of and our dissatisfaction with their policy in as strong terms as we possibly can? That, I submit, is the reason for the course we are adopting on this side of the House and I may at once say that the Railway Department of the Government of India is the one department in regard to which every Indian feels the greatest possible humiliation and suffers under the sense of the greatest possible injustice. Next to the Army it is the one department of the Government of India which has been the cause of India being bled white. We have suffered enormous losses from the railway policy of the Government of India ever since railways were first started in this country, and that chapter has not been closed even to-day. I find, Sir, that one of the most moderate politicians in this country, the Honourable Sir D. E. Wacha, some years back, even before this Reforms Act, recorded his verdict on the railway policy of the Government of India in strong language, which to the present moment remains good. I do not propose to read a long extract, but I do propose to read two brief extracts from his writings. He said:

"At the very outset we cannot help remarking that the breathless pace at which capital, like water, has been expended during the last few years, at the behest of the interested Chambers of Commerce, is not only inordinate but most improvident. The entire railway policy of the Government, specially in its financial aspect, demands the most searching investigation by an impartial tribunal of experts wholly independent of influence at Calcutta and Whitehall."

Then, Sir, he goes on further:

"The worst and most inexcusable feature of Indian railway policy is the supreme indifference and neglect of the authorities to the crying wants and wishes of the Indian public—those vast millions of the population who travel about 36 miles in a year and who now contribute the largest portion of the coaching traffic amounting to 13 crores rupees per annum. The interests of the European mercantile community are deemed of paramount importance while those of the Indian population at large have been uniformly held of secondary importance, if at all. At the beck and nod of the former, with their screaming organs of opinion behind, the Government readily spend millions like water on railways without an ultimate thought of the tax-payers and the return such capital would give. It is the greatest blot on Indian railway

administration that it ignores the interests of the permanent population and is eager to satisfy first the cry of the interested and migratory European merchant. No private railway enterprise would spend such enormous sums of money and no proprietary body, however rich and influential, would tolerate in any part of the civilised world, the loans after loans."

and so on. And he sums up in one sentence, which I submit is still the characteristic of the railway policy of the Government of India:

"It is a dismal tale, the history of Indian railway finance from first to last."

**The Honourable Sir Charles Innes:** What is the date of that book?

**Lala Lajpat Rai:** Some years ago, before the Reform days, but I have read this in order to show that the railway administration of India has not improved a bit since that—since one of the greatest moderate politicians of this country (Sir D. E. Wacha), than whom no one understood the finances of this country better, and than whom there was no greater authority either on railway finances or the general finances of India, deliberately made the observations referred to by me.

Several points have been raised by Pandit Motilal Nehru in his severe indictment of the railway policy of this Government, and the indictment which he has made is well grounded on facts. I may state at once, and I weigh my words, and I say it with the greatest sense of responsibility, that the railway administration of India is not carried on in the interests of this country. Look at it from whatever point of view, look at it from the point of view of the purchase of railway stores, look at it from the point of view of the travelling public, look at it from the point of view of the employees of the railway administration, from the point of view of labour; look at it from any point of view you like, you will find that the railway administration of this country is not being carried on in the best interests of the country. Firstly, it is carried on in the interests of foreign trade; secondly, it is carried on in the interests of the European mercantile community, as was said by Sir D. E. Wacha; and thirdly, it is carried on in the interests of the European and Anglo-Indian employees of the Railway Department. We find, Sir, that Indians doing the same kind of duty, performing the same functions, having the same responsibility, are differently paid, and paid very low salaries as compared with their Anglo-Indian and European colleagues doing exactly the same kind of work. We find the Europeans and Anglo-Indians on the different railways in India obtaining greater privileges in the matter of salaries, in the matter of leave allowances and other attractions, in the matter of living and other conditions, than the Indian employees do. To the charge that was brought by my friend Pandit Motilal Nehru of incompetence, of negligence against the Railway Board I add another, that of callousness to the human needs of the labouring population which works in the railways here. I submit, Sir, I was amazed and I was very sorry to hear that a kind-hearted gentleman and an otherwise noble man should have stood up in this House yesterday to defend the policy of the Government in paying Rs. 9 and Rs. 10 a month to Indian workmen on the railways. In the 20th century to call labour a commodity to be sold and bought in the open market at the lowest prices available and to taunt the Honourable Member who was quoting figures from other countries to shew that labour was much better paid there than that he paid his agricultural labourer even less, I submit is a thing than which there could be no greater proof of the inhumanity of the system that prevails in India. To justify a wage of Rs. 9 or Rs. 10 a month for a man, probably a man with a family, is,

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I consider, a thing which is absolutely indefensible and which would not be tolerated in any part of the world except India, where the people of the country are absolutely voiceless and helpless in the management of their affairs. Sir, my friend Mr. T. Prakasam was quoting figures from the budgets of other countries pointing out the proportion of the maximum salaries and the minimum salaries which were paid on the railways in those countries, and what was the reply from the official Benches? One Honourable Member interrupted and said that he should also quote the mileage of railways which the officials in other countries were looking after implying thereby that salaries were determined by mileages. He evidently thought we had not studied the mileages of the railways of the world. There are countries, Sir, which have a greater railway mileage than India. Mr. Prakasam was comparing the minimum and maximum salaries paid to railway officials in the other countries of the world to the corresponding figures relating to this country. But what has mileage to do with human needs? Does mileage affect human needs? Are we not bound in decency to provide a living wage for all who work on these railways. Are we to consider that because the agricultural labourers in some parts of this country get a wage of four or five annas a day which I do not admit, therefore a human Government, a civilized Government, an up-to-date Government is justified in paying Rs. 9 or Rs. 10 a month to the workmen on the railways simply because they find a great number of them can be had at these salaries and there is competition between them? That only shows the utter helplessness of the people, the economic helplessness and the misery of the people who have to accept this service even for Rs. 9 and Rs. 10 a month, on which salary they have perhaps to maintain a family of four or five. What is this but sweating and sweating of a most revolting nature? I submit that is a very serious charge. I expected my Honourable friend to say he was sorry for it, but he never said so. It may be that perhaps he cannot immediately improve their position, cannot grant a salary much higher immediately because it will involve a very large amount of money, but I expected some word of sympathy from him for these unfortunate people who have to work and live within that salary. That word of sympathy never came from the other side. It is all very well for my friends to say that we should not encourage these strikes and these labour troubles which interfere with the administration of railways, but they forget that we are human, we cannot help looking at these things from the human point of view. While we admit that the Honourable Member cannot grant an increase to Rs. 30 at once as proposed by my Honourable friend Mr. Jogiah, he should have said he would try to improve the condition of these workmen and look into their wages to some extent; but no word of sympathy came from those Benches at all. We are being rebuked from day to day for moving motions which make us look ridiculous according to them in the eyes of the public, but I submit this is a question upon which there is a clash of opinion and there is a clash of interests also. We can well understand the interests of the Honourable gentlemen on the other side. We need not question their motives. Interests are so strong in this world that they affect our judgment and our characters even without motives being consciously bad. Sir, it is not a question of motives. It is a question of interests—their interest and our interest. Their interest and the interest of the Indian public and the Indian wage-

earner clash. We are bound to voice our interest even though it may take us centuries to have our voice heard by the authorities that be. We must go on hammering from year to year until we get the power to have these grievances redressed.

Sir, the Indian Railway administration is the greatest white elephant that the Indian tax-payer has to maintain from year to year. The convention has not improved matters to any appreciable extent. It has not been a success so far. I admit that in certain respects the administration of the railways has improved. I admit that the attitude of Indian economists towards the railways, which they looked upon unfavourably, has to be changed because everyone wants to travel by railway and it is cheaper. But at the same time when we compare these railways with the railways on the Continent or with the railways in the United States or Canada, and when we compare the salaries that are enjoyed by the officials employed by the State in those railways as compared with the salaries of officials here in this country, we find what a great difference there is between the two. Sir, in India there is no proportion between the benefits conferred on the people and the comfort enjoyed by them and the salaries enjoyed by the highest railway officials. It has been insinuated that we shall have to go to the market for the most competent men because in this country there are no people who are fit to become members of the Railway Board or who can adequately perform those duties. Sir, I repudiate that insinuation with the greatest emphasis that I can command. But even if we have to go to the open market of the world for getting expert knowledge or for recruiting those people whom we want in this country, will the Government of India allow us to go into the market of the world in order to fill the posts of the Civil Services? Where then is the question of the markets of the world? There is absolutely no question of such a thing. If it is to be assumed that the British alone can administer this country in the best interests of the country, and that a certain proportion of the higher services of India must be British employed on their own terms, then there is no question of choice or market price. If the British force the services of their people on us, force us to employ them at such exorbitant prices as do not prevail anywhere else in the world—which are in fact not only 3 or 4 times but ten times as high as those given to corresponding officers in other civilised countries—I submit it is not a question of buying or selling in the market. It is a question of forcing us to accept their own price, their own valuation; and so long as we are forced to do this, we are bound to raise our voice in protest against invidious distinctions and unnatural preferments. Sir, in the matter of the recruitment to Indian services we want to occupy the same position in our country as other people do in theirs. The claim of my countrymen that at least one member of the Railway Board should be an Indian is not an exorbitant claim. Sir Purshotamdas Thakurdas says—and I endorse what he says—that our aspiration is that every member of the Railway Board should be an Indian; because it is only an Indian and an Indian alone who can safeguard the interests of the Indian people, the Indian nation and the Indian wage-earner. Others cannot do that, however angelic, however saintly they may be. Their interests are different from ours; and that has been distinctly shown by the charges that have been brought by this side of the House against the railway administration, especially by my Honourable friend Pandit Motilal Nehru. It is not a question of reserves and surpluses at all. It is a question of the point of view from

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which you must look at the thing. The question is whether the railway policy of the Government of India shall be determined in the interests of India and Indians or in the interests of Britain and the British. If you are going to invest the taxpayer's money in such surpluses and reserves, I do not know where you might go. Surpluses can be created to any extent and paid by loans whenever the interests of British trade demand it. No case has been made out for surpluses and reserves. I listened with great respect to the speech made by the Honourable Sir Clement Hindley but I am sorry to say I was not convinced by the arguments or the facts adduced by him in his defence. The indictment made against the Railway Board from these Benches is perfectly justified. It is based on the past history of the railway administration in India, it is based on the present policy of the railway administration in India, and it is based on its future prospects also. There is no prospect of any reforms being introduced into the railway administration in India unless the Government of India makes up its mind freely to introduce the Indian element much more than it has done so far.

One word more, Sir, before I sit down. We shall not be satisfied if one Indian member, is taken on the Railway Board and taken from the service itself. It may of course be said that we are clamouring here for posts. We are not; but even if we were, what does that matter? How can people who are themselves clamouring for posts and for high salaries charge us with sordid motives? After all, we are human. We shall not be satisfied, and the Indian public will not be satisfied unless the Government employs some men from the public life of this country who are as well versed in railway affairs as members of the Railway Board. We do not want men to be promoted from the lower ranks of the service into high positions on the Railway Board because, unfortunately circumstanced as they are, they will not be in a position, by the force of habits and environments and by the force of circumstances, to look after the interests of India so well as public men who move in the public life of India will do. I do not admit that the public life of this country is so absolutely poor in talent as not to be able to furnish one or two members for the Railway Board. I admit we may have to go with caution. We have no objection to foreign experts being employed in technical departments, where they can guide us, instruct us and help us; but I do contend that in the administrative line our men can do as well as Englishmen. I do not say I myself can but there are others who can do even better. I therefore think, Sir, that this stock argument advanced from day to day, and from hour to hour that there are no Indians fit for these administrative posts, should be discontinued. People on the other side ought not to put forward this stock argument with any pride. How can they say that after 200 years of British rule in this country, the people of the country are so absolutely devoid of ability, so incapable of learning anything, so absolutely poor in talent, that they cannot supply one man to sit on the Railway Board, to look after the interests of India and to help in the management of Indian Railways. That would be a poor admission to make and it would be a grave and serious charge against British work in India. Sir, I am not one of those who believe that British rule has been an unmixed evil. It has done good as well as evil, though on the whole no foreign rule can ever do much good. But at the same time the argument advanced that we must have the best men and those best men are not available in India cannot be listened

to. It certainly does not add to the pleasantness of our relations and it does not help us in any way. They say that their motives are the best. We may not question their motives out of courtesy; but facts are facts and they speak for themselves. After all they are human beings. And where is a human being who is not swayed by self-interest and the interest of those near and dear to him? There may be exceptions to this rule, but they can only be few and far between. I voice the sentiment of the whole country, of the vast population of my countrymen, when I say that the railway administration in this country is not being carried on in the best interests of the country. Sir, this is the one department where, on platforms, in railway carriages, in offices and in many other ways, every Indian feels and feels to the core, the marrow of his bones, that he is a slave, a subject to be ill-treated, to be insulted and to be humiliated by men whose position and status in life compared to his is nothing. He has to eat humble pie at every step. Be he a Raja or a Maharaja, be he a Member of the Assembly or of the Council of State, he has to eat humble pie before every Anglo-Indian or European, however small and low-salaried he may be. It enters like steel into his very soul; and he can never forget this outstanding fact of his life. He sleeps with a sore heart, a heavy heart after having suffered that humiliation; he curses the time and the moment when he allowed himself to be subjected to foreign rule.

**Mr. Jamnadas M. Mehta, Lieut.-Col. H. A. J. Gidney and others:**  
I move that the question be now put.

**Sir Hari Singh Gour:** Sir, the increasing discontent on this part of the House is not subsiding. On the contrary, it is rising and culminating to an apex from year to year in consequence of the growing inefficiency of the Railway Board. Three years ago we entered into a convention with the Honourable Member for Commerce and Industries. After prolonged negotiations a formula was reached and that is embodied in the Resolution which was unanimously passed by the last Legislative Assembly. Honourable Members on this side of the House, especially my Honourable friend, Mr. Srinivasa Iyengar, regard it as a convention to which the Honourable Member for Commerce demurs. I do not regard it as a part of the convention but I regard it as a part of the compact made by the Honourable Member with this side of the House, and I ask him to say whether this was not a compact and a compromise upon which the whole of the covenant was accepted by the members of the Railway Advisory Council and thereafter by the Legislative Assembly. Viewed in that light, whether you call it a covenant or a compact, an agreement or a compromise, there remains the fact that the Government pledged themselves to carry out this part of the Resolution as much as the rest of it, and I ask the Honourable Sir Charles Innes what he has done to carry out that part of the Resolution. That is the main question. The question is not whether it is a compact or a covenant but the question is whether this part of the Resolution, which was a part of the compromise arrived at after prolonged and deliberate consultation, accepted by the Government and passed by the unanimous vote of this House, has been or has not been fulfilled by the Honourable the Commerce Member who presumably spoke on behalf of the Government and whose joint responsibility he pledged to the representatives of this House. That is the main question.

Now, Sir, I ask another question and that is that this covenant was to run for at least three years. It was passed by the Legislative Assem-

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bly at its sitting on the 20th September 1924. In the first instance, as I have said, we were reluctant to give a longer time and three years was fixed as the period for which it should run in the first instance. Those three years will shortly expire and I wish, therefore, to ask what the Honourable Member has done to make good his pledge given to this House, which was to have been fulfilled long before the expiry of the three years? That is the question which Members on this side of the House should ask the Honourable the Commerce Member to answer and answer to the satisfaction of the representatives of the people here. We feel that there has been a breach of good faith on the part of the occupants of the Treasury Benches. We feel that when this Resolution was passed we were clearly given to understand that every part of the Resolution would be given effect to by the Government. And we now feel that, while the Government have had the plums of the bargain as it were, they have left the main portion of the Resolution, upon which we had been negotiating with the Government and without which we would not have recommended rest of the covenant, severely alone. There is, I submit, a strong feeling on the part of the Members of this side of the House. If that were all that would be enough, but there was a good deal more. The Honourable Member for Commerce knows too well the gross inefficiency of the Railway Board. Has he forgotten that scandalous contract which was given to Messrs. Spedding and Co. during the last Session of this Assembly? Has he forgotten the special Committee of the Railway Council that went into the question and condemned that contract as a contract which has cost this country lakhs of rupees? If I had time I would give you the details of that contract.

Mr. President: You have.

Sir Hari Singh Gour: And what was the result? All that we were told was that it was a serious mistake made by the Railway Board in giving a long contract to a European firm in supersession of several longstanding Indian firms of sleeper suppliers. And that contract was given to a firm of really middlemen who entered into a contract with the Government for the supply of those sleepers and who pocketed the middlemen's profit which the Railway Board knew they had no right to do. One department was selling and the other department was buying—that was the contract. "We went into the question", it was said, and "we will not do it again". My Honourable friend Pandit Motilal Nehru has already referred to the coal contract scandal, but that is not all. We have this Raven Committee's Report and in the opening pages of that report we find writ large the strongest condemnation of the Railway Board and their management. In the very preface you will find that while in the Indian State Railways they employ a large number of men than are employed in England the payment made and the inefficiency shown by the Indian workshops are severely condemned. This report was published only last year. We were told, "we had nothing to conceal, nothing to disguise when this Committee was appointed". That may be so, but the fact remains that this report on the management of State Railway workshops is the severest condemnation of the Railway Board and an unanswerable impeachment of their inefficiency.

Then, Sir, we have the question about the railway wagons. The Honourable Sir Clement Hindley spoke with some feeling but I am afraid he spoke without conviction, because the charge against the Railway Board



is that they have themselves admitted that there is a surplus of 30,000 wagons which represents a capital expenditure of Rs. 15 crores. The Honourable Sir Clement Hindley quoted from an American publication that there were also certain reserve wagons in America. But I should have been more interested to hear from the Honourable gentleman the percentage of reserves in America and the percentage of reserves in India.

**Sir Clement Hindley:** May I just reply, Sir? I believe it is 25 per cent. in America and something like 4 or 5 per cent. in India.

**Sir Hari Singh Gour:** Well, of course, that is not so simple a question as the Honourable Sir Clement Hindley thinks. You have to go into the figures, you have to see the mileage run, you have to see whether these wagons are constantly employed and the other auxiliary questions connected with it. I am asking the Honourable the Chief Commissioner for Railways to distinguish between reserves and surplus and I am sure of all persons—we laymen do not know—he as a technical man understands the difference between what is a reserve wagon and what is a surplus wagon. As I understand, surplus wagon means a wagon for which the railway have no use and which is supernumerary. Now if you have got 30,000 supernumerary wagons for which you have no use and which were lying idle three months before the time when you gave evidence before the Royal Commission, then I beg to submit that so much capital was lying idle and therefore unproductive and you have to show cause why you embarked on the purchase of such a large quantity of surplus wagons for which you had no present use. Sir, you remember that before we adjourned for luncheon we were promised information, asked for by the Honourable Mr. Jinnah, as to when, to which I added as to where, these wagons were purchased and we were promised information after luncheon. It is well nigh tea time. It is about 25 minutes to 4 and that information is not forthcoming. I venture to ask them once more to give us the information at this stage because we are suspicious that these superfluous wagons were purchased for the purpose of relieving unemployment in England. I pause for a reply. That, I submit, is a feeling which is working in the minds of some of our people. You have been buying locomotives and questions were asked last year and the year before last. When you purchased locomotives in England, it had worked out to more than 15 or 20 per cent. of the prices which were then ruling on the Continent and we asked you why you purchased these and you gave us the stock reply that these locomotives are standardised or a few words to that effect which convinced no one on this side of the House. These are the questions which are naturally agitating the minds of our people. My friends, Colonel Crawford and Mr. Cocke, while they sympathised with us on this side of the House upon the merits of our grievances, said "you can make a small cut and we shall walk into the lobby with you". Sir, when whole cuts are made they are certified. When small cuts are made, they are ignored. What are we to do? We have been making small cuts and I am not sure whether these cuts were not made in spite of the Honourable Mr. Cocke and Colonel Crawford's going over to the other side on previous occasions. We, as I have said, are in a state of utter exasperation. What are we to do? Shall we take hammers in hand and in a body go for the members of the Railway Board or adopt the only constitutional means, ineffective and inefficient though it may be, of recording our increasingly vehement protest against the inefficiency of the Railway Board? Nothing else is left to us. I therefore submit that every Member in this House

[Sir Hari Singh Gour.]

must unite in supporting the motion because it is a motion upon which we feel and feel strongly that we must record our united and emphatic protest.

One word more and I have done. We have been told that Indians are not employed in the higher services of the railway because we cannot get technical men, men possessed of sufficient technical knowledge. But are the ministers of transport in other countries technical men? Are they not Parliamentarians possessed of administrative capacity sufficient to lay down the policy which technical men have to carry out? Well, Sir, it has been a stock argument by the occupants of the Treasury Benches. I will give you one short example because it illustrates my point. Some five years back I asked the Honourable Member for Commerce, Sir Charles Innes, why this firm of Messrs. Thomas de la rue and Company were being paid large sums of money for making stamps in England, a great deal of which, when they came to this country, had to be destroyed because of their deterioration on account of climatic and other causes, and the Honourable Sir Charles Innes very nearly convinced me by saying that the climatic conditions of this country were against the production of stamps. Thereupon I put myself in communication with foreign countries and Ceylon and produced for his information a very large number of stamps which had been locally manufactured and told him that those stamps were made locally and were of the very finest design in point of colour and everything else. My Honourable friend was still unconvinced. Thereupon I produced a catalogue from Germany and showed him that by an automatic process stamps could be produced at a very economic cost. He was still unconvinced and thereupon, in my utter despair, I moved a cut with the result that the machinery of Government was set to work and we are now producing in this country what I think are some of the finest stamps that can be produced in Asia, and insurmountable difficulties dependent upon climate, want of technical knowledge, want of suitable atmosphere, absence of a moist climate and presence of dirt and dust in the atmosphere have all disappeared, and I think with pardonable pride the Honourable the Commerce Member congratulated himself and I congratulate him upon the fact that we are now producing in this country stamps which were for nearly 25 years a foreign monopoly.

**Mr. M. A. Jinnah:** What was the cut you made?

**Sir Hari Singh Gour:** I made a cut of one rupee. But it was a very sharp cut. Now, Sir, if the Honourable Commerce Member had read the handwriting on the wall, he would have acted as promptly as he did in the matter of stamps. We have had promises not only from him but also from his colleague the Honourable the Finance Member, but these reinforced and redoubled promises have not yet been made good and we feel, therefore, that short cuts are of no avail to us and this is the only means we have of ventilating our grievances and drawing the attention of the authorities here and in England to the fact that our solemn recommendations and our repeated protests made from year to year cannot be lightly ignored. On these grounds I ask my friends on this side of the House to unite in supporting the amendment.

(Several Honourable Members moved that the question be put.)

**Mr. President:** The question is that the question be now put.

The motion was adopted.

**The Honourable Sir Charles Innes:** My friend Dr. Gour can always be relied upon to help his opponents. He has just told us an extraordinarily interesting story of how by his own pertinacity and his own ingenuity he eventually drove me, a stiff-necked bureaucrat, to make stamps in India. It was my Honourable friend Mr. Jinnah who extracted from him the answer that he had made a rupee cut. I ask Dr. Gour that if the Government were so responsive to a cut of one rupee, why does he now support a motion for the cutting of the whole Grant? Surely the lesson to be drawn from this extremely interesting story which Dr. Gour has told us is that the Government pay as much attention to a censure of the House, as after all a motion for reduction which is carried is a censure, whether it is a reduction of one rupee or a reduction of the whole Grant. That is the point which my friend Maulvi Muhammad Yakub and Colonel Crawford both tried to put, and I am glad that Dr. Gour has lent such strong support to the plea of these two gentlemen.

This debate has followed the usual lines. It is on this day of the year and the three successive days that I realise what an extraordinary villain I am. Everybody in the House, at any rate on that side of the House, gets up and tells me exactly how many crimes I have committed in the last year. I do not mind it myself, quite honestly, after five years, in fact I think this is my sixth, and after this sixth Railway Budget I have really got to a state where I am case-hardened. But I must confess that I do wish Honourable Members opposite would confine their abuse to me and would not go abusing my officers. As far as I can judge, there are two lines of attack which have been made upon me to-day. The first line of attack is that I have not carried out the promise made when the separation convention was passed. Dr. Gour accused me in so many words of having broken a pledge. Sir Purshotamdas Thakurdas and Mr. Srinivasa Iyengar used almost the same words. Now, Sir, Sir Purshotamdas Thakurdas had a very great share—if I may say so I am eternally grateful to him—had a very great share in arranging that convention. We agreed in 1924, and Sir Purshotamdas Thakurdas will bear me out when I say that it was part of the arrangement that we arrived at that we should exclude from the convention any reference to what I may call the Indianisation of the Railway Board. We deliberately excluded from the actual clauses of the convention the two clauses of the Resolution which referred to Indianisation. And, Sir, when that Resolution was put to the vote, I took the very greatest care to make my own position plain. I did so because I expressly wished to safeguard myself against any charges in the future of broken faith or broken pledges. There is no charge which an Englishman or a Scot resents more than that, the charge that one has broken one's word. Now, Sir, what did I say? I said:

"As regards the Railway Board we have already recruited Indians for the staff of the Railway Board, that is, for the appointment of officers attached to the Railway Board, and I hope we shall be able to continue this process."

We have continued it and two of the most important officers in the Railway Board outside the actual Board itself are Indians now, one is Mr. Hayman and the other is Mr. Gupta.

"As each appointment becomes vacant I will undertake that the claims of Indians are considered. As regards the members of the Railway Board I cannot bind myself to dates, as it must take time before there are Indians of the requisite standing and experience for admission to the Railway Board. As I pointed out the other day, the Railway Board is a purely technical body and does not control policy."

[Sir Charles Innes.]

Now, Sir, I think the House will agree that I did safeguard myself absolutely in that matter. I gave a promise that we would consider the claims of Indians as vacancies occurred, but I pointed out that time must elapse before Indians of the requisite experience and standing are available for appointments on the Railway Board, and I did not hold out any hope that we should be able to appoint them to the Railway Board at an early date. Pandit Motilal Nehru and Mr. Srinivasa Iyengar have both suggested that it is not absolutely necessary that the Railway Board should be a technical Board. But, Sir, I can quote against Pandit Motilal Nehru and against Mr. Srinivasa Iyengar the authority of the Acworth Committee's Report. The Acworth Committee definitely said that the Chief Commissioner of Railways must be a technical railway man; and we hold in the Government very strongly that the other members of the Railway Board, excluding the Financial Commissioner, must also be technical railway men. After all, what does the Railway Board do? It has Railway questions coming up daily; it has to examine projects for new development; it has to examine all kinds of traffic questions, all kinds of establishment questions connected with the railways; and our general policy in filling up the appointments in the Railway Board is to have a Chief Commissioner who is Chief Commissioner of Railways and is above his colleagues on the Railway Board. He is really the expert adviser of the Government of India and he must be, as the Acworth Committee said, a technical railway man. Then we have two members of the Railway Board proper, and our usual plan, though it is not always so, is to have one man a traffic expert and the other member an engineering expert. Sometimes we have had a mechanical engineer but usually it is a civil engineer.

**Sir Hari Singh Gour:** Are there no Indian Chief Engineers on the railways?

**The Honourable Sir Charles Innes:** I am glad to inform the Honourable Member that the Chief Engineer on the North Western Railway appointed about a year ago is an Indian. (*An Honourable Member:* "And on the Eastern Bengal State Railway.") Not now. Then Sir, the only other officer on the Railway Board is that *rara vis*, perhaps rare even in this House, namely, the financial expert. That financial expert is appointed by the Finance Member, who consults me, but I generally leave the matter to him because I do not pretend to understand finance or financial experts. Now I should like people to think what it means when they press me to appoint Indians to the Railway Board. How are these vacancies filled up? They are the prize appointments of a very large service, the whole of the railway service, and when you have a vacancy on the Railway Board you have only a limited number of men, your senior railway officers, whose claims can be considered, as things are at present, for appointments of that kind. Now, Sir, the House continually presses me to neglect the claims of those officers and even to put in, as Lala Lajpat Rai suggested, a non-official. Pandit Motilal Nehru I think had in mind some Indian officer on the Indian railways. In either case what the House is asking me to do is to supersede or pass over men who by long years of excellent work on the Indian railways have earned their promotion; and frankly I cannot do it. I am as responsible to those men as to this House, and I should feel that I was committing a great dereliction of my duty and my responsibility if I either superseded them or passed over them in order to put in a man who would be, *ex hypothesi* as I hold, less qualified for that appointment. And

that is our difficulty. I do hope that this House does not think that I enjoy standing up here year after year opposing you upon this. It is no pleasure to me and I have done my very best to understand the point of view of my honourable friends opposite. I can quite see and I understand it, that they feel that the Railway Board is so to speak a close corporation from which the Indian is definitely excluded. Well, Sir, I can quite realize that point of view. I do hope you will recognize my difficulties. I have always told you it is purely a question of time. I myself can never understand why it is that year after year the whole of the Railway Board Budget is thrown out for what I regard as a purely temporary circumstance. Year after year we are taking more and more and more Indians into the Indian railway services. Already they are beginning to climb to the top. As I told the House the other day, an Indian in the last year has been appointed as Chief Engineer of the North Western Railway. Another Indian has risen to the post of Divisional Superintendent on the North Western Railway. That shows what the policy is. I am quite prepared to admit that this Indianisation policy was rather belated; I am quite prepared to agree that it ought to have been taken up earlier. But still we are now coming to the point when Indians are beginning to rise to the top, and it is only a question of time before in the ordinary course Indians will be appointed to the Railway Board, not because they are Indians but because they are the best men for the appointment and because they have qualified themselves for the appointment.

**Mr. B. Das:** What about your successor, the Member for Railways?

**The Honourable Sir Charles Innes:** The Honourable Member surely ought to know by this time that my successor is not appointed by me but by His Majesty the King. But, Sir, that part of my case is as familiar to you as it is to me. What I did not like about this debate was the attempts made to discredit the Railway Board; to prove that Indians are fit for appointment to the Railway Board by trying to prove that the existing members of the Railway Board are unfit for their appointments. I heard Mr. Goswami say "Hear, hear". Now, Sir, it seems to me that that is not altogether an attitude which I think Honourable Members opposite need be proud of. As I say, Indians are rising to posts of responsibility on the railways, but in order to show that they are fit for the Railway Board, it is not necessary I think to devote long and laboured speeches to prove that the existing members of the Railway Board are totally unfit for their position. Now, Sir, I believe—and I speak now with five years' experience—I say India owes a great debt of gratitude to Sir Clement Hindley (Hear, hear) and to all other members of the Railway Board. Sir Hari Singh Gour will bear me out. I remember the very first time I attempted to defend the Railway Budget in this House, I had the most terrific onslaught from Dr. Gour. In those days I was not so accustomed to Dr. Gour as I am now. I remember being very gravely embarrassed by that onslaught, not only because the onslaught was a very fierce one but because there was a great deal of force behind it, because the railways at that time were in a thoroughly bad way. Then I persuaded Lord Reading to appoint Mr. Hindley, as he then was, as Chief Commissioner in October, 1922, and the first thing we did was to associate with him Mr. Sim. Sir Clement Hindley and Mr. Sim have laboured hard together during the last four years: and what I say is this, that whatever complaints you may have against them in matters of detail, whatever complaints you may have against us on particular aspects of railway working, I am sure that

[Sir Charles Innes.]

no fair-minded man in this House will deny that the Indian Railways are ever so much more efficient than they were when Sir Clement Hindley took charge of them (Applause). Let me point out one broad fact. In the last three years we have made from the Indian Railways excluding commercial railways a net profit of 31 crores of rupees—31 crores of rupees; that is to say, we have paid all our interest charges and have earned 31 crores in addition. Two or three months ago I was reading the report of a lecture by a gentleman by name Sir Lyndon Macassey. He was discoursing upon the evils of the State management of railways, and he was enlarging on that subject and said in the course of his lecture that in every country where State management had been tried, it had ended in disastrous failure; and he went on to say that of all the countries where the railways were State-managed, there was only one as far as he knew and that I think was New South Wales where at the present time they were making a profit out of their railways. I am glad to have this opportunity of making it clear that the Indian railways, mostly State-managed, mostly managed directly by the State, have in the last three years made a profit of 31 crores of rupees. Now, Sir, I should like this House to realize, to remember, that the Indian railway system is the third biggest railway system in the world, and I think I am correct in saying that it is far and away the biggest State-managed railway system in the world; and I think it is a great tribute to Sir Clement Hindley and the Railway Board that when they have got the enormous load of responsibility that the management of this huge railway system involves, at the end of five years—Sir Clement Hindley to my great regret is about to go—he is able at any rate to show that during the course of his five years he has transformed the Indian railways from a system I may say of grave disorder to a system of great efficiency, and that he has paid regularly during the last two years our contribution; he has paid you something like, I think I am correct in saying, 22 crores of rupees, that is our gross contribution paid to general revenues; and it does seem to me rather ungrateful that the Honourable Pandit Motilal Nehru and other Members of this House should have devoted the whole of their many eloquent speeches in that fashion making the most violent attack upon the efficiency of these officers.

**Pandit Motilal Nehru:** We are no respecter of persons.

**The Honourable Sir Charles Innes:** Now, Sir, let me just say a few words about this vexed wagon question. I notice that Sir Hari Singh Gour was, even at the end of Sir Clement Hindley's speech, quite incapable of understanding the position. It is a fact that in the monsoon months of last year we had what was estimated to be 30,000 wagons standing idle, but I understand that at the present time the number of such wagons is standing in the neighbourhood of 5,000 or 6,000. Sir Hari Singh Gour, Sir, deduced the fact that we were carrying a reserve of 30,000 wagons. Nothing of the sort. Surely even Sir Hari Singh Gour knows that, in the first place, our traffic varies according to the season. In the monsoon season we earn on our railways something like 150 lakhs a week. This last week we earned 226 lakhs. That is to say, this is our busy season, as shown by the fact that 226 lakhs were earned last week. In the monsoon months we earn 150 or 160 lakhs a week. Now if we have got to have a sufficient stock of wagons to carry a traffic which brings in earnings of 226 lakhs a week, surely it must be perfectly obvious even to

Dr. Gour that in the monsoon months, when our traffic drops so much, when we only earn something like 150 lakhs or 160 lakhs, surely it must be obvious that we must have a large number of wagons stabled. It does not mean that these wagons are unnecessary, because, if we had only sufficient wagons to carry our monsoon traffic, obviously we should have about one-third too few wagons for our busy season traffic. They explain one reason why you must at certain seasons of the year have a very considerable number of wagons stabled. Then again the traffic varies with the year.

**An Honourable Member:** They are your reserves, not surpluses?

**The Honourable Sir Charles Innes:** It also varies according to the state of the harvest. As the Acworth Committee pointed out, railway earnings vary abruptly according to the state of the harvest results and the fluctuations of trade. At the moment this is our busy season. We have 5,000 or 6,000 stabled at the moment. Next year may see a revival of trade, and we may find ourselves short of wagons. But at the moment, on looking into the matter, we think that our reserve is probably just as much as we require now and are likely to require in the next two years. All that Pandit Motilal Nehru said about 15 crores of rupees of the taxpayer's money having been wasted on these wagons, all that was totally mistaken. I said yesterday that we had got into a mess in regard to this wagon business, and I say it again, but it was not because we have got a surplus, a reserve, of wagons—I welcome that myself. The real trouble is in regard to the wagon firms. Pandit Motilal Nehru read out our communiqué of 1918; that communiqué in which we so to speak invited the wagon firms to come into existence. Then we carried on this progress by passing the Steel Bill of 1924 and granting bounties for their maintenance. Well, one of the difficulties and dangers of hot-house methods of protection and bounties is really that we may force industries rather quicker than may be wise. Last year we were able to place orders with them up to their full capacity. That one fact is just the answer to all the suggestions that have been made that in our rehabilitation programme we have had in our minds the British manufacturer and the British manufacturer only. Last year in pursuance of our policy in regard to wagons we were able to place orders with the Indian Standard Wagon Company and the Peninsular Locomotive Company to their maximum capacity. We have got the Indian Standard Wagon Company, the Peninsular Locomotive Company, Burns and Jessons. Two of them, the Indian Standard Wagon Company and the Peninsular Locomotive Company, are entirely dependent on railway orders; the other two have wagon shops in addition to a general engineering shop. The result of our bounty system was that we created in this country wagon firms capable of turning out between 4,000 and 5,000 wagons a year. We never guaranteed that we would place orders for more than 3,000 wagons a year. Still we arrived at that position. By our methods we created in this country a wagon industry capable of making all these wagons. Then, last year, it was only in May, June and July that the whole matter was gone into and the whole matter was examined and our wagon programme was co-ordinated with all the work that has been done in rehabilitation. Efforts were made in the first place to forecast the curve of our traffic and the curve of our wagon uses and we came to the conclusion—and I say it was an embarrassing conclusion for me—we arrived at the conclusion that at present we were not justified in either this or the next year in placing any more orders with these firms. As Sir Clement Hindley said, the easiest

[Sir Charles Innes.]

thing for us to do would have been to order the minimum number of wagons we required under the communiqué of 1918 and said nothing more about it. But we decided not to do that. The first thing we did was we had all the representatives of the wagon firms up in Simla. We placed the whole facts before them and we asked them, "Have you any suggestions to make?" They went away and we discussed it. Eventually we discussed it with them and we made them two offers. I am perfectly frank with the House, because Pandit Motilal Nehru has made a full point of this wagon position and I want to be perfectly frank. We discussed this matter with the firms and eventually put the whole case before them in a memorandum. One of the offers was:

"They (the Government) will call as soon as possible for tenders in India only for such miscellaneous wagons of different gauges and different types as they will require in 1927-28. The exact number of the wagons will depend upon the conversations now going on with the Company Railways, but it is hoped that the number will reach between 1,700 and 1,800."

We then offered:

"The Government will also call, as soon possible, for tenders in India only for such underframes as they will require in 1927-28. Here again the exact number will depend upon the conversations now proceeding with the Companies, but it is hoped that the number will be in the neighbourhood of 600."

Never before have we placed orders for anything like that number of underframes in India. We undertook to:

"instruct the State-worked Railways to place orders in India for such spare parts as they require and as they cannot conveniently make in their own workshops"

and finally we undertook to:

"instruct the State-worked Railways to call for tenders in India only for shedding, roof trusses and bridge spans up to 80 feet span."

That is what we promised to do for the year 1927-28 and we told them that we would consider the matter again next year. And we said that if they were not prepared to accept the offer, the only suggestion we could make was that we should offer to buy out the two firms, the two firms which were entirely dependent on the railway orders, the Indian Standard Wagon Company and the Peninsular Locomotive Company. Why did we make that offer? We did not want to enlarge our responsibilities in that way. But this is the answer I want to make to Pandit Motilal Nehru. One thing we did keep, and kept in the forefront of our minds throughout all these negotiations, was that it was absolutely essential that if possible we should keep the wagon industry alive in India and we thought the best way we could do it if these firms wanted not to continue was to make the wagons ourselves in our own shops. There was no thought to place orders in Great Britain. The only orders that were placed—I think I am correct in saying it—in the last two or three years in Great Britain were for special types.

**Pandit Motilal Nehru:** Is it not true that the type of wagons, the orders for which were guaranteed was very different from what the offer now is for and that the plant necessary to manufacture and produce the parts and the other things which were mentioned will be different to what has been employed in the type wagons?



**The Honourable Sir Charles Innes:** The Honourable Member has caught me on a technical point. I understand it is a fact that the orders we offered to place in India this year are for miscellaneous wagons of different gauges and types and these different gauges and different types do require different jigs, they do not require different machines, but they do require certain re-adjustment of machines. That was the offer we made to the firms. The real trouble in this matter is that you cannot have two firms like this making one type of article dependent solely on the Indian railways. That is the whole difficulty of the situation. Can we guarantee always to place orders with these two particular firms? They make nothing else. That is one of the dangers of the situation. You cannot have wagon building firms whose capacity is in excess of your ordinary requirements. They may be underquoted and it may be that in a particular year that because they can make nothing but wagons they are left without work. But, at any rate, I have said enough to show that we do recognise that we have put these wagon firms in a difficulty and that we have done our very best to be fair to the firms and that we have throughout taken the firms into our confidence. Now, I hope I have disposed of the case built by Pandit Motilal Nehru. In so far as he has told us that we have locked up 15 crores in buying surplus wagons, I think that Sir Clement Hindley and I have shown that there is nothing in the Pandit's case. As regards the effect of this matter upon Indian wagon making firms, I claim to have assured the House that we have done our best to treat the firms with consideration, we have taken them most fully into our confidence and that we have done our best to help them to tide over a very difficult period. I do not think, Sir, that I need say anything more. I resent very much on behalf of the officers who have served you very faithfully and very well on the Railway Board all these wild charges that have been made against them, and I do suggest that it is wrong of this House in order to prove that Indians are fit for service in the Railway Board to try to prove that officers who have rendered I think signal services to India are incompetent and inefficient. I hope, Sir, that I have said enough to show that this House ought to be grateful to these officers rather than attack them in this way. I see that the Honourable Pandit Motilal Nehru laughs. Sir, I myself am inclined to believe that the sin against the Holy Ghost is the sin of ingratitude. We, Englishmen, have served in this country for 150 years. There is hardly a stone in this land which is not stained with the blood of an Englishman. There is hardly one of us who has not buried in this country, it may be, a wife, it may be a sister, it may be a child. We have done our very best for this country and, Sir, in order to serve your political ends, is it right that you should render us not gratitude but merely abuse such has been showered to-day on the members of the Railway Board? Sir, I oppose the motion.

**Mr. President:** The original question was:

"That a sum not exceeding Rs. 9,43,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Railway Board'."

Since which an amendment has been moved:

"That the Demand under the head 'Railway Board' be reduced by Rs. 9,42,900."

The question I have to put is that that amendment be made.

The Assembly divided :

AYES—52.

Abdul Latif Saheb Farookhi, Mr.  
Abdul Matin Chaudhury, Maulvi.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Chaman Lall, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Ismail Khan, Mr.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jogiah, Mr. Varahagiri Venkata.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.  
Khin Maung, U.  
Kidwai, Mr. Rafi Ahmad.  
Kunzru, Pandit Hirday Nath.

NOES—52.

Abdul Aziz, Khan Bahadur Mian  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Ahmed, Mr. K.  
Akram Hussain Bahadur, Prince  
A. M. M.  
Allison, Mr. F. W.  
Anwar-ul-Azim, Mr.  
Ashrafuddin Ahmad, Khan Bahadur  
Nawabzada Sayid.  
Ayangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha.  
Gopalaswami.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Gavin-Jones, Mr. T.  
Ghuznavi, Mr. A. H.  
Gidney, Lieut.-Colonel H. A. J.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Hayman, Mr. A. M.  
Hezlett, Mr. J.  
Hindley, Sir Clement.  
Howell, Mr. E. B.

Lahiri Chaudhury, Mr. Dhirendra  
Kanta.  
Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Nehru, Pandit Motilal.  
Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rananjaya Singh, Kumar.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Roy, Mr. Bhabendra Chandra.  
Sarda, Rai Sahib M. Harbilas.  
Sarfaraz Hussain Khan, Khan  
Bahadur.  
Shafee, Maulvi Muhammad.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Singh, Raja Raghunandan Prasad.  
Sinha, Kumar Ganganand.  
Sinha, Mr. Siddheswar.  
Tok Kvi, U.  
Yusuf Imam, Mr.

Hyder, Dr. L. K.  
Innes, The Honourable Sir Charles.  
Kabul Singh Bahadur, Risaldar-Major  
and Honorary Captain.  
Keane, Mr. M.  
Lamb, Mr. W. S.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra  
Nath.  
Mohammad Ismail Khan, Haji  
Chaudhury.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir  
Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Natique, Maulvi A. H.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Roy, Mr. K. C.  
Ruthnaswamy, Mr. M.  
Sassoon, Sir Victor.  
Singh, Rai Bahadur S. N.  
Suhrawardy, Dr. A.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Yakub, Maulvi Muhammad.  
Young, Mr. G. M.

The motion was adopted.

The Assembly adjourned till Eleven of the Clock on Thursday, the  
24th February, 1927.

# LEGISLATIVE ASSEMBLY.

*Thursday, 24th February, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## MEMBER SWORN.

Mr. Yacooob C. Ariff (Calcutta and Suburbs: Muhammadan Urban).

## PRIVATE NOTICE QUESTION AND ANSWER.

### STRIKE ON THE BENGAL NAGPUR RAILWAY.

**Mr. Chaman Lall:** Sir, with your permission, I beg to put the following private notice question:

Will the Government be pleased to state:

- (a) whether the Bengal Nagpur Railway strike has extended;
- (b) the approximate number of men on strike;
- (c) whether orders under section 144 have been served on the leaders of the men;
- (d) whether meetings have been prohibited,
- (e) whether intimidation is being practised against the strikers,
- (f) whether arrears of pay of the Nagpur men are being withheld; and
- (g) whether the Government intend to put an end to the policy of repression against the strikers?

**The Honourable Sir Charles Innes:** (a) The strike, as the Honourable Member knows, began at Kharagpur and has since extended to certain stations in different parts of the line. The Nagpur, Bilaspur and the coal districts are among the districts affected, but as I have said above, the strike has not extended to all stations.

(b) The number is estimated to be in the neighbourhood of 15,000 at Kharagpur and 10,000 on the rest of the line. Latest information is that at some stations men are beginning to come back to work.

(c) and (d). I have seen reports in the Press to that effect.

(e) The answer is in the negative but I am informed that men who wish to go back to work are being intimidated from doing so.

(f) My information is that every one whether on strike or not was paid his wages on the due date.

I do not know whether you are prepared to admit (g), Sir. I would submit it is an argumentative question.

**Mr. Chaman Lall:** May I ask the Honourable Member in which places section 144 has been put into force?

**The Honourable Sir Charles Innes:** I am sorry I have no information; I have only seen the reports in the Press.

**Mr. Chaman Lall:** Will the Honourable Member be good enough to inform the House of the number of men dealt with under section 144?

**The Honourable Sir Charles Innes:** I have already told the Honourable Member that I know nothing of the use of section 144 beyond what I have seen in the Press.

**Mr. Chaman Lall:** Is the Honourable Member aware that a large number of meetings have been proscribed and will he say whether that is the policy of the Railway agency?

**The Honourable Sir Charles Innes:** I have seen reports to that effect, but I must point out to my Honourable friend that action of that kind is not taken by the railway authorities but by the District Magistrate.

**Mr. T. C. Goswami:** Do I understand that the application of section 144 is independent of the advice of the railway administration?

**The Honourable Sir Charles Innes:** The matter is entirely independent.

**Mr. A. Rangaswami Iyengar:** May I know if the Managing Director of the Bengal Nagpur Railway Company has been intimating to the employees that a lock-out will be put into force if these people do not come in by a certain date?

**The Honourable Sir Charles Innes:** The Railway administration did publish a notice after the general strike had been declared, that they proposed to close the workshops at Kharagpur until it seemed desirable to re-open them, and that people who were willing to work should sign on before the 21st of February.

**Mr. Chaman Lall:** Is the Honourable Member aware that ejectment orders have been issued against certain workers on the Bengal Nagpur Railway?

**The Honourable Sir Charles Innes:** No, Sir, I have had no information to that effect.

**Mr. Chaman Lall:** Will the Honourable Member collect and let us have the information?

**The Honourable Sir Charles Innes:** I will certainly make inquiries.

**Mr. Chaman Lall:** And will the Honourable Member kindly inform the railway authorities that they are not to proceed with the matter?

**The Honourable Sir Charles Innes:** The Honourable Member must not make suggestions for action; he can only ask on points of information.

**Mr. Chaman Lall:** Is the Honourable Member prepared to put an end to the strike by setting up an Enquiry board?

**The Honourable Sir Charles Innes:** I am not prepared to say anything on that point.

**Mr. Chaman Lall:** Will the Honourable Member kindly inform the House whether there has been a great deal of discontent amongst the public as well as traders served by this railway?

**The Honourable Sir Charles Innes:** Not that I am aware of.

# THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

## SECOND STAGE—*contd.*

### *Expenditure from Revenue.*

#### DEMAND NO. 14—RAILWAY BOARD—*contd.*

*Strengthening the representative control by all interests concerned over Indian Railways.*

**Mr. President:** The House will now proceed with the further discussion on the motion of the Honourable Sir Charles Innes. I take it all those motions which are above Rs. 100 drop out in view of the fact that there is only Rs. 100 left in the Demand.

**Mr. N. M. Joshi** (Nominated: Labour Interests): May I, Sir, make one request to you. When we gave notice of motions for reduction by Rs. 1,000 it was intended that they should be nominal cuts; there was no intention of cutting down by Rs. 1,000, which would not matter very much to the Railways. I would ask you to allow me and others also to make a change in our motions so that we may have only one-rupee cuts, and we can go on cutting one rupee each and reduce the amount out of the sum of one hundred rupees still left for the Railway Board.

**Mr. T. C. Goswami** (Calcutta Suburbs: Non-Muhammadan Urban): Do you not think that would reduce the amount to a very much smaller figure?

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): I have no objection, Sir.

**Mr. N. M. Joshi:** Sir, I move:

“That the Demand under the head ‘Railway Board’ be reduced by Re. 1.”

My object in asking the House to make a nominal cut of Re. 1 is to bring to the notice of this House the great importance of providing some machinery by which the Indian Railways will be controlled in the interests of those people who have invested money, those people who are working on the railways, and those people who are making use of these railways.

**Mr. President:** The House does not want the Railway Board.

**Mr. N. M. Joshi:** Sir, the House does not want the Railway Board. I am therefore suggesting what the House should have in the place of the Railway Board.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, may I rise to a point of order? The House never decided that it did not want a Railway Board. What it decided was that the Railway Board should be efficient and represented by Indians.

**Mr. N. M. Joshi:** Sir, the question whether the Railway Board should exist or not is immaterial to the subject which I want to place before this House. Sir, the Indian Railways are a very huge industrial concern. We have invested more than 600 crores of rupees in this undertaking, and more than 700,000 employees are working on these railways. More than crores of people make use of the railways in India. It is therefore a matter of great importance that these industrial undertakings should be properly controlled in the interests of those people who have invested

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money, those people who are employed on the railways, and those people who are making use of these railways. Sir, the present representative machinery by which these railways are controlled is the Legislative Assembly and its Finance Committee. We know, Sir, that this Legislative Assembly considers the Railway Budget for about 6 days and the Railway Finance Committee also considers the railway finances for about ten or a dozen days in the year. I feel, Sir, that considering the great sacrifice which the people have made in building up these railways the control which we are exercising at present is insufficient because you cannot discuss all railway affairs in the short time of six days, and neither can the Standing Finance Committee for Railways discuss all financial questions regarding the railways in the few meetings which they hold. Moreover, Sir, it is not that this House and its Committees cannot give sufficient time to discuss matters but I feel, Sir, that all the interests which really are interested in the proper working of the railways are not at present sufficiently represented on these bodies. I refer, Sir, to the large body of employees on the railways whose very lives depend upon the proper working of these railways. I therefore think if any representative machinery is to be organised in order that the railways should be properly managed and properly controlled in the interests of all concerned, the representative machinery must consist of the people who have invested money—I do not want to omit them altogether, but, Sir, after all money is not such a great thing as the lives of those people who are working on the railways. I would therefore establish a machinery in which not only those people who invest money will be represented but in which those people who are working on the railways will be adequately represented. I am also anxious that those people who are making use of our railways and those people who are helping the maintenance of these railways should also be represented in such a representative machinery. I have already shown that this House cannot find sufficient time nor can its Committees find sufficient time to discuss in great detail railway matters. I am quite aware that there is a Central Advisory Council for the Railway Board as well as advisory committees on different lines; but, Sir, everybody knows that the Central Advisory Council does not function very well nor are its powers very wide. We know that the Central Advisory Council meets perhaps half a dozen times in the year. I do not know whether they meet even half a dozen times. (Mr. Jamnadas M. Mehta: "Twice!") The Central Advisory Council has met twice; and the committees on different railways may have met a similar number of times. Moreover, these committees have very little power. They are considered to be advisory but unfortunately they cannot offer advice. Their advice must be first sought by the railways and railways are not very anxious to seek their advice. If the Central Advisory Committee could offer their advice it might be something; but they cannot call a meeting, they must depend either on the Railway Board calling a meeting or the Agent calling a meeting in the case of the committees. Therefore these committees do not function. And moreover, their powers are limited; they cannot bring forward any question before the meeting; the Agent will bring forward any question he likes. If the powers and functions of the Central Advisory Council and these committees are increased, then certainly they will be more useful than they are to-day. At present they are not of much use.

**Mr. President:** Order, order. The Honourable Member has got a separate motion on the subject of the constitution and functions of the Central Advisory Council: I take it he is going to move it?

**Mr. N. M. Joshi:** I will drop that.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): There are other Members, Sir, who would like to raise the question of the powers and functions of the Central Advisory Council, and I do not know what their position is.

**Mr. President:** I think the Honourable Member should restrict himself to his own motion and not go beyond it.

**Mr. N. M. Joshi:** I have no intention, Sir, of speaking at length on the functions of this Advisory Council and these Committees. I only refer to them to show that they may be considered to be a part of the representative machinery which I want to be established for the control of our railways.

Now, Sir, there are various ways in which one can suggest machinery for the representative control of our railways. It is quite possible that some people may suggest that we should have a separate representative body elected on a very wide franchise to control our railways. It is quite possible some people may say that a separate Parliament as it were is unnecessary; but, Sir, if a separate Parliament is unnecessary it is at least necessary that the present Legislature should give more time and should give more energy to the control of our railways. The present method of controlling our railways by a six days' discussion is not enough. I may suggest that the Government of India should hold a special Session for the control of our railways—at least they might transfer the Budget time from March to April or any other month, say August, and hold another Session where railway matters can be discussed for at least a month in the year. (Cries of dissent from various parts of the House). Sir, I know there are some Members who are unwilling—I know that very well. I know there are persons who are not willing to work for a large number of days in this Legislature. Therefore, I feel the best method is to have another Legislature where people may be able to find time for the proper control of our railways. And, Sir, I am not speaking of a representative machinery which has not been thought of by other people. The Belgian State Railways are now transferred to a separate organisation, and in that organisation they have provided for the representation not only of the Government but of those people who have invested money. They have also provided adequate representation for the workers who are working on those railways. I therefore think, Sir, that the Government of India and this House should in its own interest and in the interest of those people who are interested in our railways see that there is some machinery by which those people who are working on the railways, those people who have invested their money in the railways, and those people who are using the railways should be properly represented. If such machinery is devised, then I am quite sure our railways will be better managed than they are to-day. At present it is perhaps possible that the interests of those people who have invested their money are safe, because Government is bound to pay interest and Government have guaranteed the interest of these companies which have invested their money; but, Sir, the interests of people who are employed on the railways are not safeguarded at all. They have absolutely no voice. The Central Advisory Council and the Committees

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which exist are prohibited from considering questions that concern employees. And in the case of this House it is no doubt true that we can move a Resolution but unfortunately we have to depend on the vagaries of the ballot box; and moreover we cannot discuss questions of railway employees in this House for more than a day or two in the year. If we begin to take up more of your time I am quite sure many Members will not like that. I therefore think it is necessary in the interests of the employees on the railways, in the interests of those people who are using the railways, that some machinery should be devised by which proper and sufficient consideration will be given to the matters pertaining to our railways. Sir, at the present moment I am not wedded to any particular scheme; but I am anxious that this House and the Government of India should consider some scheme by which the representative control over the railways will be increased. If a separate Legislature is considered to be too radical a scheme, I shall be quite content if the Government of India held a special Session of this House to consider railway questions every year. If we get two months' time in a year to consider the questions affecting railways, then things would be improved greatly. I have made it clear, Sir, that I am not wedded to one scheme, but I would prefer a scheme by which an independent machinery could be devised in which all the interests concerned will be thoroughly represented. I hope, Sir, the House will give serious consideration to my suggestion.

**The Honourable Sir Charles Innes:** Sir, I am in considerable difficulty in answering Mr. Joshi's speech because I found it extremely difficult to find out what the Honourable Member was driving at. He said that he was not wedded to any particular scheme and that he had no particular scheme to put before the House, but he wanted that more time should be given to the discussion of railway subjects in this House. Now, Sir, when the Honourable Member said that I thought with some relief that exactly five weeks to-day I shall be leaving Delhi, for I must confess that as far as I am concerned I do not relish the long discussions to which the Honourable Member refers; but I do feel that there is a good deal in what the Honourable Member has said. We always have felt in the Railway Department that it would be a very good thing if we could break away from the present system by which the Railway Budget is merely a part of the General Budget. I understand that we cannot break away from that system without an amendment of the Government of India Act, and I think I am correct in saying that the desirability of amending the Government of India Act in that way has been brought to the notice of the Legislative Department. The idea of course is that it would suit us in the Railway Department very much better if we could bring the Railway Budget before the Assembly in the September Session; we should then have the actuals for the past year to place before the House and we should have a very much better idea of the prospects of the budget year; and to that extent I am entirely with my Honourable friend, Mr. Joshi. But I must point out that if I am correct—I am speaking without the book—but if I am correct in what I have said, it would require an amendment of the Government of India Act. I do not think that I need pursue the rest of the Honourable Member's speech. If he will forgive me for saying so, Mr. Joshi is an idealist, and I may even call him an Utopian. I think most people in this House will agree that the idea of setting up a Legislature to deal with railway matters is Utopian; at any rate I am quite sure that this Assembly



which naturally and properly is very jealous of its rights and privileges would object to that proposal very very strongly, I think, Sir, that I might ask Mr. Joshi to withdraw his motion.

**Mr. President:** The question is:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

The motion was negatived.

*Quinquennial Review of Capital Programme.*

**\*Pandit Hirday Nath Kuneru** (Agra Division; Non-Muhammadan Rural): Sir, I beg to move:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

The Acworth Committee, to whose recommendations we owe the separation of the railway from the general budget, found two serious defects in our system of railway administration; one, dealing with the method of providing expenditure on repairs and renewals, and the other, dealing with the method of financing borrowings for new projects. A Committee of the Indian Legislature was appointed in December 1921 to consider the recommendations of the Acworth Committee; and the attention of that Committee was directed prominently to the two defects brought out by the Acworth Committee. Now, this Committee of the Indian Legislature recommended that the separation of the Railway Budget be postponed for a period of three years, but that the recommendation of the Acworth Committee be carried out in regard to the provision of capital expenditure for new projects. The Committee recommended that for the next five years a programme costing about Rs. 150 crores be agreed to, and the Honourable Sir Charles Innes in asking the Assembly to accept the recommendation of the Committee of the Indian Legislature said that of the two defects pointed out by the Acworth Committee he attached far greater importance to the recommendation in regard to railway capital expenditure. Now, one of the recommendations placed before the Legislature in March 1922, was that the programme of capital expenditure should be prepared on a five-year basis, the provision for each quinquennial period being considered about two years before the termination of the existing period. Now, the period for which the Assembly agreed in 1922 to grant roughly speaking a credit of about Rs. 150 crores will come to an end on the 31st March this year. But, as I pointed out in connection with another subject on the day the general discussion in regard to the Railway Budget took place, the programme for the next five years has not been placed before the Assembly as contemplated by the Railway Finance Committee of the Indian Legislature of 1921. During the last five years I find that out of the Rs. 150 crores that the railway authorities expected to spend, only about Rs. 98½ crores will have been expended by the end of this year. I take the figures for 1922-23 and 1925-26 from the reports of the Railway Administration and I take the revised estimate for capital expenditure from the Explanatory Memorandum attached to the Railway Budget for next year. Of this Rs. 98½ crores, a little over Rs. 18 crores would have been expended on new lines and a little under Rs. 80 crores on the rehabilitation of existing works. Now, for the quinquennium ending with 1931-32, we do not know what the total cost of the programme to be carried out would amount to. I know that the matter was considered at a meeting of the Standing Finance Committee in November 1925; but a reference to the proceedings of that Committee has not enabled me to find out what is the sum that is expected

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to be spent during the next five years. I find, however, from the budgets relating to the individual railways that have been placed before us, that by the end of the year 1931-32 we are expected to spend about 90 crores of rupees on new construction, and of ~~the~~ about 15 crores is expected to be spent in the year 1927-28. Now, I should like to know, in the first place, what is the programme of capital expenditure for the rehabilitation of existing works, so that we might know what our total commitments in regard to capital expenditure ought to be for the next five years. In the next place, I find that, while during the last five years ending on the 31st March this year we shall have spent a little over 18 crores on new construction according to the programme now laid before us, about five times that sum ~~is to~~ be spent on new projects, that is, either on projects in hand or on projects to be started in future. In this connection I should like to ask one or two questions. If these lines that are going to be built will be really paying, that is, if they will give an adequate return not merely on the capital expended in constructing them but also on the net loss on account of interest before they become paying, why is the expenditure on account of interest debited to revenue instead of being debited to capital? I pointed out the other day, Sir, that there had been a large increase in our interest charges. Now we are certainly prepared to make sacrifices in our interest charges, to forego immediate benefits for the sake of prospective gain, but I do submit that we might consider the propriety of moving at a less rapid rate than we have been doing in regard to new construction. We should see that we place no undue burden on our present resources even to increase them ultimately. There is one more question that I wish to put in this connection. I take it that when the new lines have been constructed, new rolling stock would be required for them. We may have a reserve of surplus of wagons now, but I take it that when the new lines are built we shall need more locomotives and more coaching and goods stock. Have we, in estimating the total capital expenditure to be incurred, taken into account all the money that would be needed for more rolling stock? If that has been taken into account, I should like to know what the total would be.

And lastly, Sir, I would repeat the question, why the programme for the next five years was not placed before the Assembly. I understand that the programme of capital expenditure is revised and brought up to date every year. It may therefore be said that as the Railway Board do not carry out a programme every five years and then at the end of the five years prepare a fresh programme for the next five years, there is really no quinquennial programme to be placed before the Assembly, but I take it that this fact was known to the Railway Department before the recommendations of the Railway Standing Finance Committee of 1921 were discussed in the Assembly in March 1922. It was agreed then that the programme for the next quinquennium would be prepared about two years in advance. Why was this responsibility accepted, and this undertaking given if a quinquennial programme has no meaning in view of the revision of the capital programme every year? I ask, Sir, that we should be consulted periodically with regard to capital expenditure as well as with regard to the continuance of the present method of separation of railway from the general finances, because these occasions provide us with a convenient opportunity for reviewing the activities of the Railway Department, and for considering our railway requirements as a whole. If the new opportunities

What are supposed to have been provided with for criticising railway expenditure are to be real and not illusory, then one of the most important things is that the policy of the Railway Department as a whole should come periodically under review both in regard to revenue and capital expenditure.

**Mr. A. Rangaswami Iyengar** (Benjore ~~and~~ Trichinopoly: Non-Muhammadian Rural): I had hoped, Sir, that after the destruction of the Railway Board which we accomplished yesterday, there would have been no attempt made by Members on this side of the House to resuscitate it, in however attenuated a degree.

**The Honourable Sir Basil Blakett** (Finance Member): To attenuate it further.

**Mr. A. Rangaswami Iyengar**: But apparently the occasion is used for discussing questions of policy on heads which may not be reached and which may fall under the guillotine. I therefore have thought fit, Sir, to avail myself of this opportunity, which I may not get again, at the rate at which we are proceeding, to condemn the present position of things in regard to the policy of railway finance. I desire to draw attention particularly to the two points which my friend Pandit Kunzru rightly drew attention to, namely, that in regard to the capital programme of railway construction, this House is entitled to have a definite and proper policy placed before it and sanction obtained therefor. It is true, Sir, that the Railway Standing Finance Committee is from time to time placed in possession of various proposals for various projects and various items of expenditure are brought up for sanction. But, Sir, as my friend Pandit Hirday Nath Kunzru rightly pointed out, the real question is, what is the pace at which we can push the capital programme of railway expenditure that was settled in 1922 by what was known as the five-year programme of 150 crores? We all know that that programme was impossible to work up to, and the Railway Board and the Financial Commissioner get programmes for capital expenditure from Agents, and out of that they make lump reductions amounting to as much as one-third of the total of the capital expenditure which these people bravely say they will be able to put through in the course of a year, because by experience they have found that this capital programme could not be worked up to. That shows, Sir, that a good deal more has to be done in the way of scrutinising these programmes and of finding proper financial resources as well as the means of carrying out such capital programmes. But, Sir, so far as I am concerned, I propose specifically to draw attention in this connection only to the manner in which the Government has been proceeding to push the construction of strategic lines. So far as those strategic lines are concerned, we in this House have a right to ask that the present policy of separation of railway from general finances ought to be revised at the end of the three-year period which was the original period of convention. We find that the capital programme of strategic lines is pushed at an enormous pace, and if we just look at the separate budget estimates for strategic lines, we find that the programme of new construction during the past few years has advanced enormously. It began with 86 lakhs in 1925-26, went up to 52 lakhs in 1926-27 and it has gone up to 66 lakhs this year. At this rate, Sir, it imposes, I say, a very unjust and undue burden on the tax-payer in this country. In the next place, Sir, I object to the policy by which the net loss on the strategic lines is taken as a deduction from the railway profits that are paid over to the general tax-payer.

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): I submit for your consideration, Sir, that is really a question of the convention for the separation of finances and not a question of a review of the quinquennial programme.

**Mr. A. Rangaswami Iyengar**: I submit, Sir, that the whole question of the railway finance policy was raised by my friend, Mr. Kunzru, including the railway programme.

**Mr. A. A. L. Parsons**: Separation comes afterwards.

**Mr. A. Rangaswami Iyengar**: I thought he definitely referred to the question of the separation of railway finance.

**Mr. T. C. Goswami**: How the two can be separated I do not understand, Sir.

**Mr. President**: Mr. Rangaswami Iyengar.

**Mr. A. Rangaswami Iyengar**: Sir, it is only a question of convenience, even to my friend Mr. Parsons I contend, Sir, that the present method of calculating the contribution from the railway accounts to the general revenues does not do justice to the latter. The present system is no doubt in force for three years and I do not desire to reopen it until the convention is remodelled. But I desire to state that we are bound to revise this agreement because, in my opinion it is unjust to the tax-payer of this country that he should be made to go on continually facing increasing deficits in the strategic lines accounts and thereby reduce the profits which are legitimately his and on which he is entitled to claim credit. Sir, the question is simply this.

**Pandit Hirday Nath Kunzru**: On a point of order, Sir, or perhaps on a point of personal explanation. I did not catch quite clearly what Mr. Parsons said (I seldom do), but from what Mr. Rangaswami Iyengar is now saying it appears that he is discussing the general question of the separation of railway from general finance.

**Mr. President**: If the Honourable Member does not wish Mr. Rangaswami Iyengar to raise that question, I would not permit him. I allowed Mr. Rangaswami to proceed on the understanding that the Honourable Member himself had referred to the subject in his speech.

**Pandit Hirday Nath Kunzru**: May I explain, Sir. I did not quite hear what Mr. Parsons said.

**Mr. President**: Never mind what Mr. Parsons said. What is the point the Honourable Member wishes to make?

**Pandit Hirday Nath Kunzru**: I mean, Sir, that the question of policy should be discussed on a separate motion. At any rate in making my motion I did not discuss this question.

**Mr. President**: Then Mr. Rangaswami Iyengar is not in order in discussing that point.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Would it not be as well to let him continue, Sir, rather than let him begin all over again?

**Mr. Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan): Sir, on a point of order. Only yesterday you clearly ruled that the largest cut would be taken first and, when this was carried, the smaller cuts would not be taken up, for they are all included therein.

**Mr. President:** Perhaps the Honourable Member has not followed the proceedings of to-day.

The question is:

"That the Demand under the head Railway Board be reduced by Re. 1."

**Mr. A. A. L. Parsons:** Sir, the first point in the speech of my friends Mr. Kunzru and Mr. Rangaswami Iyengar which I should like to deal with is the suggestion that in the manner in which we now lay our quinquennial programme either before the Standing Finance Committee or before this House, we have departed from the arrangements that we agreed to when what is usually called the 150 crore programme was accepted by this Assembly.

**Pandit Hirday Nath Kunzru:** Sir, may I request the Honourable Member to speak a little louder. I really cannot hear him.

**Mr. A. A. L. Parsons:** I will try to do so, Sir. I am sorry my voice is rather low. I quite agree that at present we do not put before the House an unvaried and invariable quinquennial programme which we ask them to accept to its full extent once and for all, and then about two years before the end of that programme start working out a fresh programme. The position was actually fully explained to the Standing Finance Committee for Railways and is I think known to all the Members of this House who take an interest in the subject, because I am sure they will have read those proceedings. But the real difficulty in carrying out that particular proposal literally was that we felt certain that the Assembly would not be prepared, even if it could legally do so—and I am rather doubtful about that—that the Assembly would not be prepared once and for all and on one occasion only to express its approval of the grant of the capital expenditure which we should want not for one year only but for five years. That I think—I was not myself then in the position I now hold—was the reason for the change. It was a change that, though it may not have been formally brought before this House was known to all Members of the House interested in the subject and it was certainly not a change that in any way reduced what may be described as the control of this House over the programme.

**Pandit Hirday Nath Kunzru:** Sir, may I put a question? Have Government then reverted to the old method of an annual programme which was condemned by the Acworth Committee?

**Mr. A. A. L. Parsons:** No, Sir. I think, again, that most Honourable Members are aware it is a quinquennial programme, but it is a live programme. It is subject to variation each year, when we discuss both with the Agents and subsequently with the Standing Finance Committee, before putting our proposals before this House, any alterations suggested in that programme.

The next point, which was one, I think, raised by Mr. Kunzru and not by Mr. Rangaswami Iyengar, is that we do not at present show to the House exactly what our capital expenditure is likely to be for each year of the next five years. The figures are actually available but I think I am right in saying that they are not given in a tabulated form. As I knew Mr. Kunzru would raise this point, I have had them collected for me. I will not trouble the House with the figures now, but if it is the desire that these figures should be given for the future with our budget statements,

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though I am generally averse to adding to the number of these statements,—I think some Honourable Members find them already burdensome—I will have a statement added. So far as the budget year is concerned, I think that the House definitely has before it the information which it can quite rightly expect to have before adopting our proposals. In putting before the House our capital budget we ask it to accept two things. We ask it to approve the programme of works, expenditure on which is going to be incurred in the forthcoming year; and we ask it to approve the spending of a particular sum of money in the coming year; 25 crores is the figure for next year. The further information which this House can quite rightly want to know in dealing with the capital budget is what its commitments will be in future years on account of works which will be in progress but will not be completed in the coming year. Now, if Honourable Members will turn to the books of individual railways, they will be able to find out what this further expenditure to which we shall be committed will be, for they give both under the open line programme and under the programme of new construction the total estimated cost of each scheme.

Next, I should like to correct if I may,—I will not say that it was a misstatement, but at any rate what appeared to me to be a misstatement—of Mr. Kunzru. He said that we were going to spend 15 crores next year on our new line programme. The amount is clearly stated in our Budget Memorandum. We really expect to spend  $7\frac{1}{2}$  crores. The 15 crores or  $12\frac{1}{2}$  crores—I do not remember the exact figure—to which Mr. Kunzru referred was the figure which with some optimism Agents hoped they would be able to spend.

And that brings me to a further point raised by Mr. Kunzru. He asked how much we were likely to spend during the next quinquennium on what has generally been called the rehabilitation programme and on the programme of new construction. Again, that figure cannot be obtained, of course, from the estimated cost, so far as it has at present been estimated, of the new lines and other new works which are included in our programme. It is really to my mind dependent upon the amount of money which we are generally likely to be able to raise for our capital expenditure year in and year out. I should not like myself to state with any definiteness what that amount would be; but I should put it as somewhere in the neighbourhood of 25 crores. If we take the figure of 25 crores, I should expect to see, with a 6,000 miles programme of new extensions of which we might take up on an average about 1,200 miles a year, our expenditure on new lines working up gradually from our present estimated figure of  $7\frac{1}{2}$  crores to a figure of possibly 12 to  $12\frac{1}{2}$  crores. And of course the balance, roughly  $12\frac{1}{2}$  crores, would be the amount spent on rehabilitation. That is to say, we can expect, I think, a gradual decrease in the amount spent on rehabilitation, as it is called, or improvement of open lines as I would prefer to call it,—because we have already sunk a good deal of money on them—and a gradual increase in the amount which we can spend on extensions of existing lines and on new lines.

Then Mr. Kunzru raised another important point, namely, will the new lines which we are constructing be paying? I am very averse from prophesying. I can only say that we do take the greatest care to see, before submitting any proposal for a new line that comes before us, that it offers good prospects of being a paying line. We take into account in working

on these projects the interest during construction, depreciation on the capital cost, and interest charges on the capital which we will have to raise in order to build the line. We also, I may say, generally take a margin in case there may be an excess over the estimate. But whether every line taken up will be paying is of course something which no human person can say. It must depend upon the development of the traffic and upon the accuracy of our estimates of it. It may, I think, be said that in the past we have been rather too cautious in our traffic estimates and the thing now is to see that we do not go too far in the other direction.

A further point raised in the course of his speech by Mr. Kunzru was whether we take into account new rolling stock. The answer is quite definitely "Yes." We also take account of new rolling stock requirements for new lines in all our estimates of the number of wagons required immediately or likely to be required. The only qualification that I must make is this. Supposing we build a short extension of an existing line—80 or 40 miles or so. It is quite possible that the extension will not itself require an addition to our stock of wagons, coaches and so on, because the traffic can easily be carried at the outset over that extra distance without any necessity for extra wagons on the system as a whole. In that case we take as a general average 5 per cent. on the gross earnings, to cover the increased rolling stock which we shall eventually require, in working out whether a line will pay—this allowance covers what I might call a possible future liability for rolling stock.

**Pandit Hirday Nath Kunzru:** May I ask a question? The point is not quite clear to me. Is the expenditure on new rolling stock added to the capital expenditure to be incurred in connection with the construction of a line?

**Mr. A. A. L. Parsons:** If at the time we anticipate that we shall have to buy new rolling stock. If at the time we do not, for the reasons I have already given, expect to buy new rolling stock, in calculating whether the line will be a paying proposition, we add to the estimated annual working expenses 5 per cent. of the gross annual earnings to cover the eventual probable cost. In that way we provide either for actually buying new rolling stock, or for a possible future liability to do so, and thus we take full account of rolling stock in considering whether a project should be undertaken.

Sir, that I think is all I have to say; I hope I have been sufficiently clear and audible to the House. I have explained that in settling the procedure which we have adopted in the quinquennial programme we have really done nothing which takes away from the control of this House, and also that in dealing with new extensions, which is the second important point raised by Mr. Kunzru, we are as careful as we can be to see that we do not take up lines which have not got a good prospect of being a paying proposition.

**Mr. President:** The question is:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

The motion was negatived.

(Mr. Sarabhai Nemchand Haji rose in his place.)

**Mr. President:** What does the Honourable Member want?

**Mr. Sarabhai Nemchand Haji** (Bombay Central Division: Non-Mahamadan Rural): Sir, I want to speak on my amendment about the amalgamation of Railways into groups.

**Mr. President:** The Honourable Member must wait till his amendment is reached. (Laughter.) Pandit Hirday Nath Kunzru.

*Polley followed in respect of the Purchase of Stores.*

**\*Pandit Hirday Nath Kunzru:** Sir, I move:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

In March, 1921, Sir Vithaldas Thackersey moved a Resolution in this Assembly asking that as much of the capital expenditure as possible during the next five years be incurred in this country for the development of indigenous industries. Sir Charles Innes in speaking in connection with that Resolution said that an Indian Stores Department was going to be established and added that:

"If this Indian Stores Department is established it will purchase for the State Railways all railway materials which can be procured in India. Further, if that Indian Stores Department is properly organised, if we have proper machinery and intelligence, and, above all, inspection, if that Department acquires the confidence of the great consuming Departments, especially the Company Railways, then the Stores Department would be mainly occupied in buying railway material not only for the State Railways but for Company Railways also."

Now, one would have thought, Sir, in view of that pronouncement, that the State Railways at any rate would pass their indents as far as possible through the Stores Department; but, as a matter of fact, there have been serious complaints made in this House from time to time in this connection. The Stores Department itself complains in its Report for 1925 that the principle that that Department should be the chief agent of the Central Government for the purchase and inspection of stores obtainable in India has been given effect to only partially. Owing to the questions put in this connection in this House in 1924 Government impressed on the Railways the need for buying as much of their material as possible in India, and I understand that a copy of the circular sent by them to the Railways worked by them was also forwarded to the Agents of the Company-managed lines. On account of that there has been certainly some increase in the purchases made by the Railways through the Stores Purchase Department. But even now the total amount of the purchases so made is far from being considerable. On account of the special steps taken by Government in 1924 Railways purchased material worth about Rs. 46 lakhs through the Indian Stores Department, and in the year 1925 material worth Rs. 42 was purchased. But in view of the total amount of purchases made by the Railways in India, the amount of the purchases made through the Stores Department is very small.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): What is the total?

**Pandit Hirday Nath Kunzru:** The total for the year 1925-26 given in the Report of the Indian Stores Department is Rs. 42 lakhs.

**Sir Victor Sassoon:** What is the total altogether?

**Pandit Hirday Nath Kunzru:** Sir Victor Sassoon wants to know what is the total purchases made in India altogether.

**Sir Victor Sassoon:** No, the total stores purchased everywhere.

**Pandit Hirday Nath Kunzru:** It is stated in the Explanatory Memorandum attached to the Budget for 1926-27 that the total capital allotment of State Railways spent in India amounts to about 4 crores and 70 lakhs. The figures for stores is not given separately.



**The Honourable Sir Charles Innes:** 28 crores. It is in England and India.

**Pandit Hirday Nath Kunzru:** But I was speaking for the present only of the amount spent in India in 1924-25, 470 lakhs. Now, a very interesting piece of information is obtained in this connection from the Report of the Public Accounts Committee for the year 1924-25. It is stated at page 50 of that report that the Committee raised the question "whether it would not be better to centralise Railway stores purchases for the whole of India under one Department". The report says:

"The present system of having a stores purchasing section in each Railway might be unnecessary. There were obvious difficulties in centralisation, but the Committee desired that the matter should be considered. The Committee asked whether greater use could not be made of the Indian Stores Department. It was explained that the Stores Department on Indian Railways were highly organised, and that more use was not made of the Indian Stores Department, because it had not been proved that a more extensive use of that organisation would be beneficial."

It is not merely, Sir, that the Railways do not make that use of the Stores Department which it was intended that they should make, but that separate Railways have separate Departments of their own for the purchase of stores. Now, if every Department were to be a judge of the efficiency of its Stores Department, were to decide whether it is better for it to go into the market on its own account or purchase its requirements through the Indian Stores Department, then, I ask, why was the Stores Department established? There are other great consuming departments, for instance, the Army Department, and if the Army Department follows a line of argument similar to that of the Railway Department, what would then happen to the Stores Department?

**Mr. N. M. Joshi:** It does.

(Several Honourable Members: "They do".)

**Pandit Hirday Nath Kunzru:** Some of my friends say that the Army Department is already saying that. If it is so, the infection might spread to other departments; and in that case the Indian Stores Department would have proved to have been wholly useless. It is a significant commentary on the value of the Stores Department that the total purchases made through it in the year 1925-26 on behalf of the Central Government and I believe the Local Governments and local bodies amounted to under 2 crores and 70 lakhs. It has been said in this House that although the Railways have purchasing departments of their own, nevertheless a copy of every indent sent to England is also sent to the Stores Purchase Department which has thus an opportunity of saying whether any of the materials ordered from England may be obtained in India. If the Indian Stores Department can itself have the last word on the subject of stores, why should it not be consulted in the very beginning, and why should not purchases be made through it from the very start? If you have highly capable officers on the various railways who have for years past made it their business to buy the best goods in the cheapest market, why not attach some of them to the Indian Stores Department and let other departments which might not have similar material take advantage of their services? I submit, Sir, that from whatever point of view the matter is looked at, the existing policy of Government in general and the Railway Department in particular—and it is the Railway Department that we are concerned with now—is highly unsatisfactory. If Government departments themselves are not going to

[Pandit Hirday Nath Kunzru.]

make use of this department, why is it not abolished straight off? It is true that if Government proposed its abolition, there would be strong opposition on the part of the Assembly; but I submit that it is not fair to this House to pretend to keep up a Stores Department and at the same time not to utilise it to the fullest extent that is possible. One of the conditions on which an extended use of the Stores Department was to be made, and which was mentioned by Sir Charles Innes in the Legislative Assembly in March 1922, was that it should be an effective agency for inspection. Now in that respect I understand from the report of the Stores Committee that Government have frequently availed themselves of the services of the Inspection department. If that is so, one of the conditions which was to decide the efficiency of the Stores Department has been fulfilled. Nevertheless so far from all railways, whether State-managed or Company-managed, resorting to the Stores Purchase Department, Government themselves are not making an adequate use of the Department established by themselves. It is no wonder then that with this example before them the Company-managed lines take a line of their own and refuse to consult the Stores Department even to the limited, very limited extent that the State-managed Railways do. The proceedings of this House show the deep interest taken by it in the policy pursued by Government in the purchase of stores and the use made of the Stores Department. This being the importance of the matter, I hope Government will take us fully into their confidence and explain why the policy that we all expected them to follow in 1922 is far from being realised five or six years after the establishment of the Stores Department.

**Sir Walter Willson:** Sir, I desire to support the amendment moved by my Honourable friend. It is, Sir, the case, and I have noticed it with pleasure, that the amount of business passing through the Indian Stores Department is steadily on the increase, but nevertheless we think that that increase might have been at a much greater rate than it has been. The figures quoted by my Honourable friend cannot be said in any sense of the word to be satisfactory to those whose interests are bound up with the supply of stores and the manufacture of articles in India. In my view, one of the main difficulties that exists is this. My Honourable friend mentioned that the Indian Stores Department had the last say in the matter. That is just the exact point where I differ from my Honourable friend, and I hope he will agree with me. The Indian Stores Department is thoroughly desirous of placing every order it can place in India, but the difficulty is not there. The difficulty is that the Indian Stores Department has no power to compel store-using departments to order through them. What is the use of merely sending a copy of an indent which has actually been sent home to the Indian Stores Department, if the Indian Stores Department has missed the bus? If the order has been sent home, the Indian Stores Department can only write to the indenter and tell him that the goods could have been got in India but, as I say, he has missed the bus and the order has gone. I would like to see some means by which the Indian Stores Department would have power to stop these orders going past the Indian Stores Department, when they know that the goods can be procured in the country. It is quite true, I believe, that railways and others, but I must confine myself to-day to railways, do not send all the orders that they might send through the Indian Stores Department. They feel that if they send the orders some responsibility is taken off their shoulders, a responsibility,

which, so far as I know, the Indian Stores Department are very ready to undertake and wish to undertake.

Sir Charles Innes mentioned a figure just now of 23 crores as representing the total Railway store orders. As I have not examined that figure I cannot deal with it. I fancy probably it includes coal. (*The Honourable Sir Charles Innes*: "No".) That, Sir, is a very large figure, and I hesitated to accept it for a moment, but I accept it now. Out of that enormous figure I cannot ask the House to be satisfied with the figures just given by my Honourable friend as the amount of business which has passed through the Indian Stores Department. I therefore support his amendment and I hope that, unless Sir Charles Innes is able to give us some very satisfactory information in reply, my Honourable friend will press his amendment to a division.

**Mr. A. Rangaswami Iyengar**: Sir, I do not wish to say anything very much on this motion, but I desire to point out that the plea that Government have no powers in respect of compelling the railways to take stores through the Indian Stores Department is quite illusory. In reply to a communication that I sent to my Honourable friend, Mr. Parsons, he has told me the exact position which the Board of Directors of Company-managed lines occupy with reference to the purchase of stores. He told me that:

"The Board of Directors of Company-managed railways have for many years exercised full powers with regard to the purchase of stores for sanctioned works, operation and maintenance within the limit of the grants placed at their disposal; but we have expressed to them the hope that they will give full effect to the policy adopted in the stores rules."

I also asked him whether Government can intervene directly and do something in the matter. He has replied:

"I am very doubtful whether this is a matter in which Government have any active powers of interference, unless it was proved that a particular purchase of a substantial amount was not being worked out with due care, efficiency and economy. We have no definite information of any act in this respect."

The position seems to me to be deplorable. If Government, which owns these railways, just hands them over to the management of companies, Government should, in the interests of the tax-payer, call upon these companies to instruct their Stores Departments to order their stores through the Indian Stores Department. If Government will not insist on the Indian Stores Department being used, and that they should be availed of for this purpose, I do not see how we are going to get on at all in respect of the improvement which on all sides of the House is desired, and to which the Government have always given lip sympathy for nearly half a century. This scandal of purchase of stores in England is a scandal more than half a century old, and apart from pious wishes Government have done nothing. The recent establishment of the Indian Stores Department was no doubt some improvement in that direction, but I think, Sir, that the activities of that Department are being curtailed to an inordinate degree, and I feel, so far as these huge sums of railway stores are concerned, it will be the duty of the Government to insist that the stores will be purchased in India to the maximum extent.

**Mr. K. O. Neogy:** Sir, the point raised by my friend Mr. Kunzru brings us back to the conditions under which railway finances were separated from general finances. When we were discussing Indianisation yesterday, it was pointed out that the portion of the Resolution in which the question of Indianisation occurred was an essential part of the convention. Sir, the question of the purchase of stores also came up before the House in that connection, and that again is a part of the Resolution which contained the convention referred to. I find that the amendment which was moved by Mr. Ramachandra Rao referred to both these questions, first, the question of Indianisation, and second, the question of the purchase of stores, and this is what was laid down:

"Apart from the above convention, this Assembly further recommends that the purchase of stores for the State railways be undertaken through the organisation of ~~the~~ <sup>a</sup> Stores Purchase Department of the Government of India."

While the point was under discussion, my Honourable friend Sir Charles Innes referred to the fact that he was in the closest touch with Mr. Pitkeathly, the Chief Controller of Stores, and that he had circularized all the State Railways and Company-managed Railways with regard to the desirability of making their purchases through the Stores Purchase Department. He said it was a very intricate matter because the different railways had their separate organisations for the purchase of stores and it was rather difficult to impose the agency of an outside office, which was established only recently, upon the different railways. But he said:

"Mr. Pitkeathly is leaving Simla to-morrow to follow this matter up with individual discussion with the store-keepers of the different railways mentioned."

We do not know yet what result has been achieved by these conversations. Moreover, I find that on that occasion my Honourable friend Sir Charles Innes expressed himself more or less as in agreement with the sentiments that were given expression to by the non-official Members and he also said:

"I am consulting the Chief Controller of Stores on the question whether we can tighten up this practice so as to prevent indents being unnecessarily sent to the London Stores Department."

We have not yet been told what has been done since in regard to this tightening up. Sir, when I spoke on the general discussion on the Railway Board, my Honourable friend Sir Charles Innes referred to the fact that, when he attended the Imperial Economic Conference at the end of 1923, he made it quite clear to them that India could not be expected to purchase railway materials in England unless it was in her interest to do so, and unless England was found to be the cheapest market for Indian railway materials. I have the proceedings of the Imperial Conference in my hand and I find that my Honourable friend was doing his best to convince the members of the Conference that as a matter of fact, a very large proportion of the orders of the Indian railways would go to England. Sir, we can sympathize with my Honourable friend in having to face the audience that he has got to face to-day and trying to justify the position that he took up on that occasion. It is really significant that, while speaking at the Economic Conference, he had to give a sort of assurance to the Conference that

about 95 per cent. of the railway materials were purchased in England, and referring to the future, he said:

"We anticipate that in the next five years £57 millions will be spent on material imported into India, and of that £57 millions I am sure the British manufacturer will see to it that the greater part is spent in England."

Sir, I do not know how my Honourable friend arrived at that percentage, and at that figure of £57 millions in advance. I do not know whether he had already consulted the Stores Purchase Department as to the extent of the possibility of making the purchases of stores in India and as to whether this £57 millions represented the amount that had, as a matter of unavoidable necessity, got to be brought out from England. My Honourable friend asked his audience at the Economic Conference to ensure that the enterprise of the British manufacturer should see to it that the greater part of the orders of Indian railway departments were sent to England. Sir, that enterprise has been strengthened by the recent addition of my friend Mr. Sim, who I am told has got a soft job on a big commercial concern in England interested in the supply of railway materials.

**The Honourable Sir Charles Innes:** Soft?

**An Honourable Member:** Fat you mean.

**Mr. K. C. Neogy:** Reference was made to the fact that my Honourable friend Sir Clement Hindley is also going to retire shortly. May we hope he also will find it possible to join a firm of British manufacturers so that we may in future be in a position to get railway materials at a cheap rate from England, and that his reserve stock of wagons may be further added to for the mutual advantage of England and India.

**Mr. H. G. Cocks (Bombay: European):** Sir, I should just like to say two or three words on the subject of the stores position and the figures which have been mentioned this morning. The figure of 23 crores which has been referred to as representing the total purchases in 1925-26 does not, as might be assumed from the remarks made, consist entirely or even substantially of imported materials. I notice from the report of the Railways for 1925-26 that, of that figure of 23 crores, 8½ crores represents the value of purchases of indigenous materials, and the remaining 14½ crores are imported material. But of that 14½ crores, 5 crores are purchased through agents in India, leaving 9½ crores purchased direct. I should like to ask, whether, in future reports, a column could not be added showing the stores purchased through the Stores Department. On the general subject of the purchase of stores through the Stores Department, I should like to know whether the Railway Board have received any complaints from Agents with reference to the expediency of purchasing through that Department. My information is that purchases made through the Stores Department often cost more and take longer to get, and therefore an Agent wishing to run his railway on the most economic lines and most expeditiously naturally does not wish to purchase through the Stores Department if it is going to take him longer to get his goods, and if he has to pay more for them. If in the case of very large purchases it is possible to use the Stores Department and it is not more expensive to do so, it certainly ought to be done; but I should like to know particularly from the Railway Board

[Mr. H. G. Cocke.]

whether the Department is looked upon with favour by Agents, and if not, why not.

**The Honourable Sir Charles Innes:** Sir, my friend Pandit Hirday Nath Kunzru is obviously an Honourable Member endowed with great industry. I see that he has been reading up the proceedings of this Assembly even as far back as 1922.

**Pandit Hirday Nath Kunzru:** I heard your speech.

**The Honourable Sir Charles Innes:** Since then a great deal of water has passed down the Jumna. It is quite a familiar story to this House, but I would just like to review it briefly for the benefit of Members who are new.

It is a fact that in 1922 when we first conceived the idea of the Indian Stores Department my idea was then that we should buy State railway stores, and possibly at a later date Company railway stores, through the Indian Stores Department. But since 1922, as I think my Honourable friend knows, we have made a very great difference in the organisation of the Indian Railway Department and we have set before our Agents quite a different sort of ideal, very largely as the result of the Inchcape Committee. The Inchcape Committee definitely suggested that we should try to treat the Agent of each railway as the General Manager of that Railway responsible to us for the efficient financial management of his railway. Now the difficulty we have always found in regard to transferring the purchase of all State Railway stores from individual railways to the Indian Stores Department just lies there. The House must remember, in the first place, that each railway must have its stores depôt, it must have depôts where it keeps all the stores which it has purchased and which it has in stock. Therefore it does require a store-keeping staff and therefore on every railway we have got an export organisation in regard to stores. Now what we felt was that it was very difficult for us to take away from the Agent whom *ex hypothesi* we hold responsible for the proper financial management of his railway, responsible to us for earning if possible not less than 5½ per cent. on the capital invested on that railway—to take away from him all concern in such an important matter as the purchase of stores, particularly as if we buy stores through the Indian Stores Department we have to pay not only 1 per cent. for inspection but also 1 per cent. on the value of stores so purchased. We do use the Indian Stores Department for inspection. As regards purchase, our policy at present is as follows. We have instructed Agents wherever they properly can, wherever they think they can with financial advantage make use of the Indian Stores Department, to do so. Where the Controller of the Indian Stores Department has placed advantageous running contracts, the Railways do try to take advantage of them; and although, as Sir Walter Willson pointed out, our purchases through the Indian Stores Department are not very great at present they are increasing from year to year. For instance, Pandit Hirday Nath Kunzru mentioned the figure of 46 lakhs. Well in the last calendar year, 1926, it has risen to 57 lakhs. Now that is the difficulty. We do try to hold our Agents responsible for the efficient financial management of their railways. Can we consistently with that position take away from them all concern in the purchase of their stores? That is the real difficulty; but there is absolutely

no doubt on the part of the Railway Board in the matter of policy. The policy of the Government of India is to purchase your stores in India wherever you possibly can, and that is also the policy of the Railway Department. Mr. Neogy asked what steps had been taken in order to tighten up the procedure by which the Indian Stores Department, the Chief Controller of Stores, acts as a watch-dog so that our railways do not unnecessarily place orders outside India when they can place them inside India. We have gone into that matter frequently and the procedure we have arrived at is as follows. A copy of every indent sent home by a railway to England is sent to the Indian Stores Department. Once a month a representative of the Indian Stores Department meets a representative of the Railway Board in the Secretariat. The representative of the Indian Stores Department brings to the notice of the representative of the Railway Board any item in any of those indents which in his opinion has been unnecessarily ordered from England instead of in India, and I understand from the Chief Commissioner that if there is time and if we do get a representation like that from the Indian Stores Department we send home immediately a telegram cancelling the order sent home. Now, I think although the House may think we ought to order more from the Indian Stores Department, yet they will realise that the important thing is that we should order as much as we can in India, whether we order them through our own stores officers or through the Indian Stores Department, and I think I have shown that we are taking the best possible precautions that we can to ensure that. I may add that the Stores Rules are now undergoing a most complete revision. (Hear, hear.) I think my Honourable colleague, Sir Bhupendra Nath Mitra, will deal with the matter more at length; but the Government of India have decided as far as possible to introduce a system of rupee tender. (Hear, hear.) That will apply to the railways just as much as to any other Department in India, and when that system is introduced I myself think and hope that more stores will be purchased in India.

Mr. Neogy referred to what I said at the Imperial Economic Conference in 1923. I wonder if Mr. Neogy realises the atmosphere of a Conference of that kind and the difficulties that one has when one is in a conference of that kind. After all, we officers who serve India are anxious for nothing so much as that the name of India should stand high in the councils of the Empire; and I hope the House will realise that when, in a conference like that you have the Premiers of all the Dominions, all the Dominion Prime Ministers agreeing to a thing of this kind, it is very difficult for the representative of India at once to say "I will not do it". I had twice at that Conference to refuse. I was the first man sitting round that table to refuse to join in in what every other Prime Minister had suggested on the question of Imperial Preference to which I definitely refused to commit India. The other occasion was when a proposal was made that we should in buying stores in England give a definite preference in favour of the British manufacturer. I referred to the orders which I myself had issued in 1921, namely, that the High Commissioner for India and the Company railways too for that matter must follow one principle and one principle only, namely, that they must accept the lowest satisfactory tender; and I declined in any way to depart or derogate from those orders; but I did, going by past results, point out that a very large proportion of stores purchased abroad had as a matter of fact been purchased in England and I suggested that if British manufacturers would bring their cost down I saw no reason why they should

[Sir Charles Innes.]

not get a like large proportion in future. And I should like to know of any Member of this House who is prepared to blame me for making a suggestion of that kind.

The Honourable Mr. Cocke suggested that a column showing the stores purchased through the Stores Department should be added to this column on page 50 of the Administration Report. We will certainly take that suggestion into consideration. He also asked whether there had been any complaints against the Indian Stores Department. I have not got particulars of that matter; but the real reason why we have gone on with the policy I have just explained is the question of principle. We feel it is a matter of principle. If you do hold an Agent responsible for the efficient working of his line it is wrong to take away from him so important a matter as the purchase of his stores. But as I have said we order Agents as far as they can to make use of the Indian Stores Department and in particular to take advantage of these running contracts.

Sir, I oppose the motion.

**Mr. President:** The question is:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

The Assembly divided.

#### AYES—66.

Abdul Latif Saheb Farookhi, Mr.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ariff, Mr. Yacoob C.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Bhuto, Mr. W. W. Illahibakhsh.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Crawford, Colonel J. D.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Gavin-Jones, Mr. T.  
Ghulam Kadir Khan Dakhan, Mr.  
W. M. P.  
Gidney, Lieut.-Colonel H. A. J.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Hyder, Dr. L. K.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. B.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.  
Khin Maung, U.  
Kidwai, Mr. Rafi Ahmad.

Kunzru, Pandit Hirday Nath.  
Lahiri Chaudhury, Mr. Dharendra  
Kanta.  
Lajpat Rai, Lala.  
Lamb, Mr. W. S.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rananjaya Singh, Kumar.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Roy, Mr. Bhabendra Chandra.  
Roy, Rai Bahadur Tarit Bhusan.  
Ruthnaswamy, Mr. M.  
Sarda, Rai Sahib M. Harbilas.  
Sarfaraz Hussain Khan, Khan  
Bahadur.  
Sassoon, Sir Victor.  
Shafee, Maulvi Muhammad.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Singh, Raja Raghunandan Prasad.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.  
Willson, Sir Walter.  
Yakub, Maulvi Muhammad.  
Zulfiqar Ali Khan, Nawab Sir.



## NOES—44.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Akram Hussain Bahadur, Prince  
     A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
     Nawabzada Sayid.  
 Ayangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
     Gopalaswami.  
 Bhoire, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Coatman, Mr. J.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Ghuznavi, Mr. A. H.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hayman, Mr. A. M.  
 Hezlett, Mr. J.  
 Hindley, Sir Clement.  
 Howell, Mr. E. B.  
 Innes, The Honourable Sir Charles.

Jowahir Singh, Sardar Bahadur  
     Sardar.  
 Kabul Singh Bahadur, Risaldar-Major  
     and Honorary Captain.  
 Keane, Mr. M.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
     Nath.  
 Mohammad Ismail Khan, Haji  
     Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
     Alexander.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Natiqae, Maulana A. H.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur M. C.  
 Rajan Bakhsh Shah, Khan Bahadur  
     Makhдум Syed.  
 Shah Nawaz, Mian Mohammad.  
 Singh, Rai Bahadur S. N.  
 Suhrawardy, Dr. A.  
 Tirloki Nath, Lala.  
 Tonkinson, Mr. H.  
 Young, Mr. G. M.

The motion was adopted.

*Separation of Railway from General Finance.*

**\*Pandit Hirday Nath Kunzru:** Sir, I move:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

I will be as brief as possible on this subject, for I referred to it during the course of the discussion on the Railway Budget. There were three points that I wished then to be taken into consideration in this matter, and they were, that the capital redeemed by us up to March 1924, and the expenditure incurred by us in connection with the item "Land and Subsidy" and the interest charges should be debited to capital and not to revenue. I wish to place three more points in this connection for consideration. The first is, how are we to know whether the new railways are going to be paying; how are their accounts to be separated from the other railways? That was a question put to Government a day or two ago in connection with the general discussion, but I do not remember their having given any reply to this point. The other matter is with regard to the accounts of strategic railways. This was a matter which was considered by the Assembly in 1923 when Sir Malcolm Hailey promised that it would be placed before, I believe, the Central Advisory Council, and that Council recommended that the accounts should be shown separately, that is, the accounts of income and expenditure should be shown separately but that it was for some reason considered impracticable to make them a part of the Military Budget. I am not sure whether what I have said is absolutely correct, but I have no doubt that the substance does represent correctly the meaning of the recommendation of the Central Advisory Council. I should like this matter to be considered, Sir. It may be an inconvenience to have the size of the Military Budget added

[Pandit Hirday Nath Kunzru.]

to the Railway Budget. It may be impolitic; perhaps Government regard it as impolitic that they should allow the Military Budget to appear greater than it is. But we hear frequent complaints from Members opposite that the deduction made from the contributions by the Railways on account of strategic lines does obscure the amount given to the general revenues by the railways. They would perhaps then regard it as a convenience from their own point of view that the strategic lines should form part of the Military Budget and that the commercial lines should be treated as a separate concern.

Another point that I wish to dwell on before I sit down is the size of the depreciation fund. I want to know whether there is any principle governing the size of this fund. Have Government arrived at any decision as regards the size to which this fund is to be allowed to grow? What in their opinion is the extent of the burden that we should provide against by having this depreciation fund? And what are the most urgent reforms they propose to effect, either in regard to railway travelling in general or in regard to the improvement of rates and fares which they have in mind, and what their total cost would be? For it is only by taking reasons like these into consideration that we can arrive at some reasoned estimate of the extent to which the depreciation fund should be allowed to grow.

Lastly, Sir, I should like to state that even on general grounds, I would like the question of the separation of the Railway Budget to be reconsidered, for it would give us an excellent opportunity of reviewing the activities of the Railway Department during the last three years. Government said yesterday that they had absolutely no objection to a reconsideration of this question, and that they would give every opportunity for it if the House so desired. I hope, therefore, that the House will make it clear to-day that it does want an opportunity for the reconsideration of this matter.

**Mr. A. Rangaswami Iyengar:** I am glad Mr. Parsons' point of order is now at least not likely to be raised, but I want to deal with this matter from a different standpoint. I agree with my friend Pandit Hirday Nath Kunzru that now that the three years' period of the railway convention has expired, it is up to the Government to bring up the matter by means of a proper motion at the earliest possible opportunity, but whether it shall be at this Session or the next is a matter of the convenience of the House and of the time available. But the point that I want to be particularly considered is the loss on strategic lines that is assigned in this calculation of the contribution to general revenues from railway finances. Honourable Members are aware that the original proposal of the Government as regards the contribution from the railway to general revenues was fixed at 5/6th of one per cent., and it was definitely found subsequently that that would be a very inadequate return, and it was increased to one per cent. in the negotiations that took place through various non-official Members in which my Honourable friend Sir Purshotamdas Thakurdas took a leading part. Sir, I want to point out that by the operation of the clause as regards the deduction out of the net contribution payable to the general revenues of the net loss on strategic lines of a sum which now represents more than 1½ crores, the actual net return to the general revenues from the railway receipts has actually been less than 1 per cent. Sir, whether the strategic lines should be considered to be

merely military lines and should form part of the military budget is a question which I do not propose to deal with at present. But I take it, Sir, that the whole of the railway system is one property of the Government of India. It is not claimed that the strategic lines are not open to traffic; it is not claimed that ordinary passengers cannot travel on those lines. It is exactly the same kind of classification as between productive and protective lines. I cannot see that strategic lines could from the point of view of the business part of the railway administration be treated differently from other lines which are called commercial lines. It is true, no doubt, that we incur a loss on strategic lines, but yet as part of the whole railway system of this country, we think it right that the whole of the railway system including these strategic lines, and the extent of the development of these strategic lines is essentially a matter which comes within the purview of the Railway Budget. Therefore, Sir, I cannot see what principle there is in saying that the deduction of the loss on strategic lines should be borne not by the entire surplus realised from the commercial lines, but only from the contribution paid to the general revenues. My proposal would be, and I would put it next time when this convention comes to be considered by this House, that the interest on the capital at charge and the loss in working strategic lines should be deducted not from the contribution after it is calculated but it should be deducted from the surplus profits realised from commercial lines before the one-fifth share of these profits is arrived at. The real position is this, there are losses on some railways, there are also gains on some other railways, there are small profits on some railways, while there are larger profits on other railways. We must take all of them together and out of that determine the share which should go to the general revenues. It is not right that the loss on a certain section of the lines, wherever that loss may be, should be thrown on the tax-payer, and that where there are gains all that should go to the railway business account. Again, Sir, this is a proposition which is by no means fraught with any serious consequences to the position of our reserve. I have worked out the result as it would be if my proposal were accepted. For instance, I would say that the amount accruing to the general revenues under my scheme would be 7 crores 42 lakhs in 1924-25, whereas the actual contribution to general revenues under the present system is 6 crores 78 lakhs. What I now propose, Sir, would have reduced the size of the reserve at the end of 1927-28, from about 12 crores which it is now assumed to be to about 9 crores. I do not, however, propose to disturb the arrangement as it is worked already, but what I say is that the result of distributing these losses on strategic lines over the total realised profits of all the lines in this country would be to give to the reserve a somewhat smaller sum. Sir, it may be said, that we have got to build up adequate reserves. But the reserves that accrue to our railways are intended for certain specific purposes. The railway reserves should be used first, to secure the payment of an annual contribution to the general revenues. So far as we have seen, Sir, during these three years the railway reserve has not been touched except for a few lakhs and during this year only for this purpose. It is next to be used to provide, if necessary, for arrears of depreciation and for writing down and for writing off capital. The amount at credit for the depreciation fund is fairly considerable. Then lastly it is to be used for strengthening the financial position of the railways in order that the service rendered to the public may be improved and the fares and the rates may be reduced. Sir, I agree that this reserve may

1 P.M.

[Mr. A. Rangaswami Iyengar.]

legitimately be used for the improvement of amenities, the reduction of rates and fares for the benefit of the public. But if it is sound, that railways are a business proposition, I do not think it is sound business to say that the rates and fares should be reduced so that every year crores from the reserves may be paid by way of subsidies to the railway users. The whole point in the determination of rates and fares is, as Sir Charles Innes has very often told us, whether the traffic will bear the reduction. If that is so, the rates must be so arranged that they are a paying proposition, if not immediately, at any rate for the years to come. Therefore, the only proper purpose for which the reserves should be used is that of tiding over the transition period. For that purpose the reserve which is built up under the scheme which I propose is ample and more than ample, and I do think that the tax-payer who has lost so many crores by this railway programme, who has after so many years of mismanagement and maladministration on these railways, found himself in the possession of a property which yields him something should obtain some relief. I say, Sir, that the relief to the tax-payer is paramount and I do not think it is a right policy to build up reserves of whose investment, as Mr. Chetty has pointed out, we have no very definite knowledge. They add to the balances of the Government of India and I say, Sir, that it is useless to go on building up these balances and reserve without giving relief to the tax-payer. I say therefore that the losses on strategic lines should be a deduction on the total profits that are available for distribution between the tax-payer and the railway administration. That is a proposition—a very important proposition—which I think ought to be considered when the railway convention comes to be re-examined.

**Mr. K. O. Neogy:** Sir, I want to give my Honourable friend, Sir Charles Innes, an opportunity of explaining away one more inconsistency of his. Sir, speaking in the Council of State on the 11th September 1924, on the merits of State management of railways and of the necessity of having a separation of the revenues of railways from the general revenues he stated:

“The dangers that I see in State management are the dangers that will inevitably arise in India as India becomes more and more democratised and as your popular Assembly exercises more and more influence and control over the management of railways . . . . In view of this experience

(he refers to the experience of other countries)

the modern tendency in democratic countries is, as the Council no doubt saw in the telegram which appeared quite recently stating Sir William Acworth's view, to guard against those dangers by separating off the railway finance from the general finance and as far as possible getting your railways away from the interference of the popular Assembly.”

When my Honourable friend speaks in this House, he speaks in a quite different tone, and I take the opportunity of this debate to inquire what exactly he meant when he said this in the Council of State. Sir, reference has been made to the question of showing the expenditure on the strategic lines under the Railway Budget. This is not a new question. It came up before the Acworth Committee and witness after witness, having experience of the Government of India Finance Department and having experience of the management of Indian railways, said that the real intention was, as a matter of fact, to keep down the military expenditure, or

rather to present a deceptive appearance to the public so that they might not know what amount exactly was being spent on military account. This question again came up when we were considering the separation of railway finance from general finance; and my Honourable friend Sir Charles Innes succeeded in hoodwinking us by telling us: "Here you are, you always complain that the Army Budget is not a votable item. Here you have an item of military expenditure which you will have the authority to vote every year. That was the inducement under which we agreed to the inclusion of this item in the Railway Budget."

**The Honourable Sir Basil Blackett:** Sir, Mr. Neogy is an old enemy of the separation of railway finance from general finance and I do not propose to follow him in re-opening some of the arguments with which he was unable to convince his colleagues in the second Assembly. Listening to these debates in the last two or three days, I have felt some considerable regret that we had not the advantage of Mr. Kunzru's presence in the last Assembly. He has evidently studied this subject with real care and with real understanding and my regret that he was not here with us three years ago to assist us in framing the present convention is increased by one other consideration and that is that he is not fully aware of what took place when that convention was framed, and he is apt to go back to the debates of 1922 and 1921 which were superseded entirely by what took place when the railway separation finance was introduced. The question whether the separation convention should be re-opened was answered by my Honourable friend Sir Charles Innes yesterday or the day before when he said that, so far as the Government are concerned, they have no objection whatsoever to the reconsideration of the terms of that convention as soon as they are convinced that the House really desires it, though they are themselves of opinion that a year or two's delay would probably be advantageous because we should then have the advantage of the report on the accounts of the railways which is now in course of preparation, which will be of material assistance to us in arriving at conclusions when we come to reconsider the convention.

The particular point which was raised by my friend, Mr. Rangaswami Iyengar, in regard to strategic railways is of course an important one from the point of both of the tax-payer and of the Railways. The objection to the transfer of the cost of the strategic railways to the Army Budget is, first of all, that it would make that expenditure non-votable, secondly that the Railways are, as Mr. Rangaswami Iyengar pointed out, a single whole and run as a single whole by the Railway Department. It is not the Military Department that makes the loss on running Railways though it may be that there are military reasons for the original building of the railways and that the original purpose of the railways was mainly strategic. But you cannot, I think, ask the Military Department conveniently to bear the whole loss on the running of the Railways unless you are prepared at the same time to give them a say in the way the Railways are run. The ordinary accounting principles are that the Department which is actually responsible for the administration of a particular subject should bear the charges in connection with it. If, however, the House are anxious about the total of the military expenditure of India, I should be the last person to pretend that the cost of the loss of working on strategic lines is not part of our expenditure on defence; of course it is. It is merely an accounting question whether it is desirable to transfer it from its present place to the Military Budget and I think that on examining the question

[Sir Basil Blackett.]

with an open mind we shall come to the conclusion that there would be very considerable disadvantages in a transfer of the charge to the military estimates.

I do not think I need deal here with the point that was raised by Mr. Rangaswami Iyengar a little earlier about the great increase in the expenditure on strategic lines. I do not think that there are many new strategic lines in process of being built at the present time. There is one which was recommended by no less an authority than the Retrenchment Committee, its purpose being to save the cost of transportation charges to Fort Sandeman. That is a clear case where the result of building the railway is a saving on the Military Budget larger than the loss on the strategic railway when built. It is obviously only a question of accounting where exactly you show the loss on strategic railways.

As to the point that the Convention might provide that the loss on strategic Railways should be charged before the share of the tax-payer in the surplus profits is taken, it is a very interesting suggestion and one which might well be considered. I do not see that there is any objection at all as a matter of arrangement to that proposal. But what we got to when we were discussing this matter in 1924 was the question how far you want to use your railways as a means of relieving the tax-payer. Is a tax on transportation a good tax? It was the opinion of the Government that on the whole the Railway Convention put rather a larger charge on the Railways than they themselves thought desirable. On the other hand, from the point of view of the Finance Member speaking as such, I cannot regret that I get an extra number of lakhs every year for the relief of the tax-payer. But at the same time I think we have got to stick very clearly to the principle that a tax on transportation is a bad tax and the contribution of the Railways should not be much more than what is reasonable in consideration of the fact that they are benefiting from the use of the credit of the Government and that they are not paying income-tax. All these points will of course be considered when we reopen the question of the Railway Convention. Speaking with some experience of the finances of India I would only make one request and that is, that Honourable Members should not approach it with a desire of going back to the bad old system when we were taking the total of our railway receipts as part of our income and the total of our railway expenditure as part of our expenditure, when alternately we were robbed by and robbed the Railways of their dues. The question always comes down at the last stage to this, how far are you justified in using the Railways in relief of the general tax-payer? It means that they are charging higher fares to the users of the Railways which is probably not in the economic interest of the country if you insist on obtaining a larger dividend from the Railways at the expense of the consumer of the Railways in aid of the tax-payer. That is the simple proposition which you have to discuss whatever the details of the Convention of the separation of the Railway Budget from the General Budget. The same point is really the point which was raised by Mr. Kunzru in regard to the land and subsidies question. We had that out very fully in 1924. If you want to secure for the tax-payer a return on the present value of the land and the accumulated compound interest *plus* principal and the subsidies given years ago if they really exist, then you must charge very much higher rates and fares than you do at present. That is merely a question of . . . .

**Pandit Hirday Nath Kunzru:** May I point out that I did not say a word about accumulated compound interest.

**The Honourable Sir Basil Blackett:** I was only dragging it in just to accumulate the points. I do not think that it is entirely true to say—that was another point we had out in the 1924 discussions—that the Railways have been an enormous loss to the tax-payer of India for generations. The Railways are inclined to say that they have sometimes contributed much larger sums than they ought to have done, and that obviously they were doing so during the War. Whatever the details of what happened 50 years, 20 years, or 10 years ago may be, we simply come back to the general proposition, how much do you want to charge the present user of Railways for using them in order that you may benefit the tax-payer and reduce the amount that you are taxing him. We had arrived at a convention which in a sense wiped out the past so far as the question of past losses and gains were concerned. We arrived at a figure of the present capital at charge of the Railways on which the Railways should pay interest and contribution to the Government—to the tax-payer—and it is on that basis that rates and fares have at present been fixed and the contribution to the tax-payer has been fixed. You can increase the contribution by increasing the rates and fares. You can reduce the contribution and help to reduce rates and fares.

The special question of the reserves, which my friend Mr. Rangaswami Iyengar raised, comes up there. We do not want to build up a large reserve for the pleasure of looking at it. We want it there for use and one of its important uses is that when the time seems to be coming for reduction of rates and fares, you can be bolder. You can take more risks in introducing reduced rates and fares. It must always be a matter of estimate how much you are going to recover by way of additional traffic and you cannot be sure what the effect of the reductions may be. During that period when you may be making losses which you are not meeting out of revenue, it is very useful to have a reserve which you can fall back upon to tide over that period where you do not know the effect of the reductions you have made. In regard to the reserves there is one other point I should like to touch upon and that is the question of their investment. I have never been happy about the position under which the reserves accumulated by the Railways are simply merged in the general balances of the Government. It is true that it is a better system than the previous arrangement by which you simply took the receipts into the revenue and the working expenses into the expenditure of the Government of India. We have been working on a scheme which would arrange for some sort of funding of the various portions of our balances which now represent capital lent to the Government from such sources as Provident Fund, Railway reserve and so on, and if that scheme could be worked out, as I hope it may be,—but it cannot be done very quickly,—I hope to be able to take one step further towards what is now only the ultimate ideal, the time when the Railways will depend entirely on their own credit and will borrow in the market on their own credit and keep their resources for themselves, and not merge them inside the Government balance. The interest that is paid on the balances of the reserve is the general rate of interest paid by the Government on all the funds that they keep in that form in their balances.

**Mr. A. Rangaswami Iyengar:** What is the exact percentage, may I know?

**The Honourable Sir Basil Blackett:** At the moment it is about  $3\frac{1}{2}$  per cent., i.e., 1 per cent. below the rate at which Government is borrowing. A small portion of this reserve, to complete the picture, is invested in the shares of some branch lines and it has been separately invested in one or two instances, but generally speaking, we are still in the difficulty that the money market in India is not big enough to have both the Government of India and the Railways as separate borrowers competing against each other or even working in dissociation. Until we reach that time, we have got some absence of completeness in our separation. That is something for the future, but I do not think it can be immediately realised. I do not propose to deal with the other smaller points which were raised by Mr. Kunzru and will leave them for Mr. Parsons to deal with when the debate continues.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, there has been a general desire expressed on this side of the House that the time has come when we ought to examine the convention arrived at three years ago in the light of the experience gained so far. Before the House is actually given an opportunity to re-examine the convention, I think it will facilitate our work if we can have the report of Sir Arthur Dickinson and his assistants about the system of accounting on the Indian Railways, and it will further facilitate discussion of matters in this House, if the Financial Commissioner for Railways will place the results of this investigation before the Standing Finance Committee for Railways before actual discussion takes place in this House. I do not know at present, Sir, when the Financial Commissioner expects to get this report; but under any circumstances it would perhaps be desirable that we should have this discussion about the convention before the next Budget is actually presented to this House; and if this is accepted it would perhaps be convenient for this House if it is given an opportunity to discuss the matter at its September meeting. I do hope that my friend the Financial Commissioner will take the necessary steps to expedite the receipt of this report and place it for consideration before the Standing Finance Committee.

Sir, my Honourable friend Mr. Rangaswami Iyengar raised the question of the contribution which the Railways are making to the General Budget. There is no secret that on this point myself and my Honourable friend hold different views. I expressed during the debate last year that to ask the Railway Administration to pay a contribution to the general revenues is tantamount to putting a tax on transportation in the country. (Mr. A. Rangaswami Iyengar: "No.") I would be satisfied if the Railway Administration is placed in such a position as would enable them to give the most efficient service to the travelling public at the cheapest rate possible; and if this principle is accepted, I do not find any justification for my Honourable friend, Sir Basil Blackett, to extract as much money as possible from the Railway Administration to enable him to balance his Budget. The General Budget of the Government of India, Sir, must be balanced without this contribution from the Railways, and unless this is done, I cannot call the General Budget of my Honourable friend a balanced budget. Speaking on the general discussion, I asked for some information as to the exact percentage of interest that the Government of India is paying on the balances of the Railways and my Honourable friend has just now told us that the Railway Administration is getting about  $3\frac{1}{2}$  per cent. on its reserves. Now, I put it to you, Sir, whether it is proper that the Railway Administration should invest its own amount of very nearly 22 crores of rupees



at 3½ per cent. and borrow from my Honourable friend himself at 4½ per cent. I submit it is not an equitable treatment. When we re-examine the convention and when the accounts of the Railways are placed on a better basis, I do hope that steps will be taken, as I suggested the other day, to invest the railway reserves in more permanent securities thereby enabling the Railway Administration to get a reasonable interest.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

**Mr. A. A. L. Parsons:** Sir, I wish to rise at once to reply to certain questions which were raised by my friend, Mr. Chetty. He suggested, and I myself am inclined to agree with him that this House . . . . .

**Nawab Sir Sahibzada Abdul Qayum** (North West Frontier Province: Nominated Non-Official): Have we a quorum, Sir?

**Mr. President:** We have got a quorum.

**Mr. A. A. L. Parsons:** He has suggested, and I am inclined to agree with him that this House, and indeed all the authorities who deal with the matter, will find it more convenient to consider any revision of the separation convention after we have received Sir Arthur Dickinson's report, and he asked me whether I should be prepared to put that report before the Standing Finance Committee for Railways; and also when we were likely to get it. On the first question I can give a definite answer. I have every intention of putting that report as soon as I possibly can, before the Standing Finance Committee and of taking their advice, as soon as we have ourselves considered it, on the whole subject; and I shall also want to take their advice as to the procedure to be adopted in laying the question of the revision of the separation convention before the House. On the second question, as to when we shall receive the report, I cannot give quite so definite an answer, but I will attempt to discover when we are likely to get it before the end of the Session and will let the Standing Finance Committee know. My present information is that we are likely to get a report from Sir Arthur Dickinson and his Committee probably about the beginning of June, but I am not quite sure whether that will be a preliminary or a final report.

There was one other point raised by Mr. Chetty to which I should like to refer. He asked me why we only got so low a rate of interest on our reserved depreciation fund balances from the Honourable the Finance Member. We get, as the Honourable Sir Basil Blackett explained, one per cent. or about one per cent. below the rate at which the Government of India have been borrowing. The answer is that though we in the Railway Department may look upon our reserves as a more or less permanent investment, only to be trenched upon in times, I will not say of emergency, but of difficulty, from the point of view of the Government of India in whose general balances those reserves are merged, it is short term money, and the rate which we get on the money is, considering the size of the balances of the Government of India, particularly in the hot weather, probably as large, if not larger, than they themselves can get on those balances.

**Mr. Kunzru** asked why we did not at present debit to capital interest during construction, particularly on, I think, the expenditure on new lines.

[Mr. A. A. L. Parsons.]

I am not sure whether he also referred to open line projects. That again, I may say, we cannot come to a decision on before we receive the Dickinson report. I know that one or two Members who have spoken to me on the subject think we are too much of financial purists; in this matter I think they hold that we do not follow business practice. My own view is that there is a good deal to be said on both sides. Even if (this is only a provisional view, I do not wish to commit myself.) even if we did charge interest during construction to capital, it would be a type of preliminary expense to be charged off as soon as the lines were beginning to work at a profit by writing it back to revenue.

Mr. Kunzru also asked me the question how we could know, after a new line has been opened, whether it is paying. I do not think at the moment I can give a definite answer. There is no doubt that, taking all our new construction as a whole, we can obtain an idea whether we have done well out of them after some years, from a general survey of the financial results of the whole system of which they form extensions. I cannot for the moment see any method by which we could—say five or six years after the opening of a new line—say quite definitely that it has been paying the return which when we originally proposed to take it up, we expected we might get from it, because in the meantime rates and fares might have risen or fallen. And also it would be impossible, I think, with any account system to say definitely what actual extra earnings we were getting from an individual line, because those earnings are not only obtained from carrying traffic over that line itself but over other parts of the same system and other systems for varying distances. I will, however, certainly consider the question and see whether we can get hold of any system by which we can, after a period of years, test the accuracy of our original assumptions.

Those, Sir, are, I think, all the points which have been raised in this debate, to which the Honourable the Finance Member has not already replied. I trust that in view of the explanations given the Honourable Member will be prepared to withdraw his motion.

**Pandit Hirday Nath Kunzru:** If it is understood that after the Dickinson Committee has reported, the House will be given an opportunity to discuss the matter, I will not press my motion.

**The Honourable Sir Charles Innes:** Yes, Sir.

**Pandit Hirday Nath Kunzru:** I ask for leave to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

#### *Form of Budget and Statistics.*

**\*Pandit Hirday Nath Kunzru:** I move:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

I mentioned the other day that it was desirable, in the interests of most of us, that fuller information should be given in the Budget than is contained at present. It should be more detailed, and in the second place it should enable us to take a comparative view of the income and expenditure of the various railways. We get at present a separate statement of their income and expenditure, both charged to revenue and to capital. I should certainly like that these estimates should be given to us in a form which would enable us to compare the working of different lines.

As regards the statistics, I want to bring two points to the notice of Government. Till recently the second volume of the Railway Administration Report used to give separately the number of first, second and third class passengers and the holders of season and vendors' tickets. That practice has now been discontinued and it is therefore difficult to compare the figures, say for 1925-26, with the figures for past years. Now this information I know is available at present in Volume I of the Report, but there is no guarantee that that practice will be continued. I understand that there is no form fixed for the manner in which that part of the Report is to be made which is contained in Volume I. It is only the statistics, I believe, that are fixed. I should like therefore that the statistics relating to the number of passengers should be given in the old form. The other point that I wish to bring forward is in connection with the statistics given, I believe, at the end of Volume I with regard to the number of vacancies occurring every year and the manner in which they are filled up. Now in the Report for 1924-25 I believe the men newly appointed were classified as Europeans, Anglo-Indians, Muslims and non-Muslims, but the classification adopted in the Report for 1925-26 is a different one. There the new appointments are classed under European, Hindu, Muslim and others. Here again I ask that the old form should be followed and for a particular reason. I have no desire to look upon Anglo-Indians otherwise than as Indians. All those who are born in this country and who regard themselves as their mother country must be regarded by all sections of Indians as being in every sense of the term Indians. But as Sir Charles Innes himself recognised in presenting the budget statement for 1924-25, there has been a complaint and a pointed complaint in this House on several occasions that discrimination has been shown in favour of one section of the population to the disadvantage of other sections. If that is recognised, surely our statistics should enable us to see how far the injustice then done to the other sections of the population is redressed in future. Lastly, I want to suggest that we should be given not merely the number of vacancies filled up every year, but, so to say, the names of the various posts that fall vacant in each department. We should be able to see what were the posts that fell vacant and what were the qualifications required of the men to be appointed to these posts, for it is only when such information is given that we can see how far the statement made that persons of the requisite qualification were not available can be regarded as sufficient by this House.

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor Non-Muhammadan Rural): Sir, I rise to ask that one point may be made clear to me with reference to this Budget. On various demands we find certain items are voted and certain are non-voted. Section 67-A of the Government of India Act, sub-clause (3) (ii), says:

"Expenditure of which the amount is prescribed by or under any law"

is not voted. Similarly, Sir, under sub-clause (3) (iii) salaries and pensions of persons appointed by or with approval of His Majesty or by the Secretary of State in Council are not voted, and sub-clause (3) (iv) makes other exceptions. Sub-clause (5) makes all other items votable. Under section 4 of the Indian Railways Act the authority for appointing Railway Inspectors is entirely vested in the Governor General in Council. If so, Sir, I want to know why, under the heading 'Inspection' any item can come under non-votable. On the other hand we find Rs. 2,81,000 are put down as non-votable under the heading 'Inspection', whilst under the Act they are all

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persons who ought to be appointed by the Governor General in Council, and as such the amounts which are demanded under that heading ought to be put under 'votable'.

**Mr. A. A. L. Parsons:** Sir, may I reply first to the point raised by my friend Mr. Duraiswamy Aiyangar? He has asked why certain of the items under the head 'Inspection' are shown as non-votable. The answer is that the appropriations there proposed are for officers who were appointed by the Secretary of State. They may be appointed to those particular posts by the Governor General in Council for the purposes of the Act, but they are appointed to the services to which they belong by the Secretary of State.

**Mr. C. Duraiswamy Aiyangar:** May I ask the Honourable Member whether the Government have got the right to take away from this House any items which come under 'votable' because persons appointed by the Secretary of State to some other posts are taken over to this Department?

**Mr. A. A. L. Parsons:** There is no question of taking away any particular items from the vote of this House.

If I may, I will now turn to the questions which were put by Mr. Kunzru. He asked that the Budget should in certain respects show more detail. The position is that the form of the Budget was settled with the agreement of the Standing Finance Committee and at the time this form was originally laid before the House it received their approval. If, as I think is quite probable, when we get Sir Arthur Dickinson's report, we alter to a considerable extent the form of our accounts, I have little doubt we shall have to alter, again with the concurrence of this House, the form of our estimates and we will then certainly consider any suggestions which have been made either now by Mr. Kunzru or in the course of this debate to see if we cannot get the form still more into a shape which will meet the needs of the Members of this House. The difficulty, of course, is that the needs of individual Members differ. My reply is very much the same with regard to the statistics. The fact that we have transferred one particular statement from Volume II of the Railway Board's Report to Volume I does not indicate any intention on our part to abandon that statement, and we shall certainly continue the particular statement to which the Honourable Member referred. For the rest he suggested certain modifications in a statement which we have recently given in reply to the demand of this House showing vacancies each year, and asked for rather fuller information, names of appointments and so on in that statement. Again, we will very carefully consider that suggestion as also any other suggestions that Honourable Members may like to make for the improvement of statistics given in our annual Report so as to make it more useful to the House. I hope the Honourable Member, in view of this undertaking, will withdraw his motion.

**Mr. K. O. Neogy:** Sir, I find that for the first time in the Administration Report on Railways, for 1925-1926, Hindus and Muslims have been classed under "Statutory Indians" and I should like my Honourable friend Mr. Graham to tell me whether my claim to be called an Indian depends on any Statute.

**Mr. L. Graham** (Secretary, Legislative Department): I think I am entitled to notice of that question.

**Mr. K. O. Neogy:** Sir, I thought that the term "statutory Indian" was devised for the benefit of a community which is yet dubious as to its nationality, which calls itself Indian and yet whose representative in this House sits in the European group as a member of that party. I was reading a newspaper that I received only yesterday evening, and what do I find? Here is a letter from an Anglo-Indian gentleman and in it he makes the illuminating statement that an Anglo-Indian is an Indian and has always been so, and he has a right to be treated as such so long as he does not forfeit his citizenship; and that an Anglo-Indian is a Britisher and will continue to be so until he can claim no right to the name by virtue of his descent. My objection is to being classed in the same category as Mr. Facing Bothways. Sir, I very much wish that my Honourable friend Mr. Parsons will see his way to revert to the old system of presenting this particular set of statistics; and I do not think we need wait for the Dickinson Committee for this little change.

**Pandit Hirday Nath Kunzru:** Sir, I ask for leave to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

**Pandit Hirday Nath Kunzru:** Sir, I find that motion No. 15 which stands in the name of my Honourable friend Mr. Joshi is more comprehensive than my motion (No. 11). I will therefore express my views when his motion is taken into consideration.

**Mr. Bhabendra Chandra Roy** (Presidency Division: Non-Muhammadian Rural): Sir, as this matter regarding the failure of Government to appoint an Indian on the Railway Board has already been discussed I do not want to move the motion standing in my name, No. 12.

*Grievances of Subordinate Railway Employees.*

**Mr. M. K. Acharya** (South Arcot cum Chingleput: Non-Muhammadian Rural): Sir, the next item, No. 13,\* has already been discussed; but if I am permitted to do so I will take what is printed as No. 14 on this list:

"That the Demand under the head 'Railway Board' be reduced by Re. 1." (Government's non-acceptance of the Assembly Resolution recommending an enquiry into the grievances of subordinate railway employees).

Sir, this is an old story, old at least to those Members who happened to be here in the last Assembly. It will be within the memory of them all how in 1925 this House after a very long debate passed a Resolution, namely, recommending to the Government an enquiry into the grievances of subordinate railway employees through the Railway Advisory Council or a Committee thereof. That was in February, 1925. Last year, Sir, the same question was taken up because the Government had disregarded the Resolution of this House—or, if I am to be technically correct, had not disregarded but did not give effect to the Resolution with all respect to this House. I say this, Sir, because I fear my Honourable friend Sir Charles Innes will get up and say there is no question of regard or respect due to this House and things of that kind. He will say that Government gave its most careful consideration to the Resolution that was passed by this House, and after very careful consideration they decided not to give effect to it. If that is the form in which it should be put I have no objection to put it in that form; but the net result is the same, that the Government have not yet chosen to carry out the recommendation made by

\*"That the Demand under the head 'Railway Board' be reduced by Re. 1. (Non-appointment of Indians on the Railway Board)."

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this House in 1925 and pressed upon the Government last year at the time of the Railway Budget in exactly the same form as the motion now before the House. Sir, I may be permitted to point out that the attitude of the Honourable the Commerce Member throughout, from the very beginning, from the first time this Resolution was introduced in this House, has been one of uncompromising opposition. He put forth several pleas. In the first place he said that there were no general grievances. Then he said that there was no demand for an enquiry into their grievances by the railway employees themselves; that the demand was a fabricated or manufactured demand for which he thought my Honourable friend Mr. Joshi there was responsible. Then later on he told this House, especially last year, that everything needful was being done by means of some communication or circular addressed by the Department to the various Railway Administrations. He maintained that this was a very dangerous proposal, an enquiry in the case of 700,000 men to find out exactly what their lot in life was; and if this Resolution was to be given effect to very untoward consequences would follow. All these things which were said by the Honourable Member at the time should be familiar to most old Members of this House. I am simply repeating them very briefly in order to remind the old Members and to inform those who are new to this House, that unfortunately the attitude taken by Sir Charles Innes over this very innocent Resolution has been one of utter lack of sympathy. Sir, I was surprised to hear from him that there was no real demand from the employees themselves; and as I fear he may again persist in that plea I would like to draw his attention to what materials I have before me. He said last year—at the beginning he said there were no grievances at all. Then later on he was pleased to admit that there were some grievances, though not with regard to pay and wages and things of that kind. This is what he said in 1925. There were no general grievances with regard to pay and allowances; that there may be other grievances, he did not deny, though he thought the proper way to deal with these other grievances was by putting pressure upon him, not by entrusting the matter to a committee of the Central Advisory Council. I repeat that he began by saying there were no grievances in regard to pay and allowances; and then he said last year:

“What we feel strongly is that if we had appointed this commission of enquiry we might have created serious trouble. . . . . We had no evidence before us that there was any demand on the part of our railway employees for a commission of enquiry. As far as we know”

—there was ample evidence available for that I suppose—

“As far as we know the demand for enquiry came from Mr. Joshi himself and not from the railway employees.”

Sir, as far as I know—I am not of course part of the Government of India and I have no access to all the sources of information open to the Honourable the Commerce Member—but to the best of my knowledge, I thought, Sir, when I moved this Resolution in 1925 there were a lot of railway employees who had sent a lot of letters to me asking me to move this Resolution in their behalf. If I had not known that they wanted it badly, I should not have wasted my time or the time of this House in moving the Resolution or in trying my best to force it on the attention of this House.

Therefore, Sir, I am not pleading for Mr. Joshi—he is able to take care of himself—but I would draw the attention of the Honourable the Commerce Member to the fact that there were many resolutions passed at many conferences of railway employees. There was, I think, the All-India

3 P.M. Railway Federation which met last year and which emphatically demanded this inquiry. There were other conferences of railway men very earnestly praying for this inquiry into their grievances. I do not wish to tire the patience of this House, but I have got here a lot of these resolutions passed by railway conferences and railway unions praying for an inquiry into their grievances; and I do not believe that any Member, at least on this side of the House, is going to take literally the statement that the Government, the all-knowing Government, have no evidence before them to show that there was any demand on the part of the men themselves, these struggling men, for some kind of inquiry into their grievances and for some redress of their legitimate grievances. Therefore, Sir, I hope that that plea will not be advanced now.

A statement was made last year by the Honourable the Commerce Member that a circular was being sent round to the various Railway Administrations and everything needful was being done by the administrations to see that all legitimate grievances were redressed. I wish, Sir, that that circular had the desired effect. It is probable that the circular was sent out with the best of intentions; but unfortunately we live in a world in which good intentions do not carry us very far. Therefore, in spite of this very charitable circular of the Government asking the Railway Administrations to redress all legitimate grievances, there they are to-day, just as they were in 1924 or 1925; and the men are feeling their lot very keenly.

I may state at once what those grievances are in just a few words:

Insufficient scales of pay;

Insecurity of service;

Fines and punishments;

Ill-treatment and unsympathetic attitude of the Railway Administrations towards railway unions.

Sir, the other day in this House in reply to a question the Honourable Sir Charles Innes admitted that the lowest scale of pay on certain railways came down to as low as Rs. 20 in the case of clerks, and Rs. 9 or Rs. 13 in the case of workmen, that is less than annas 5 and 7 per day. There it is on page 385 of the proceedings of the 2nd February. In reply to one of my questions the Honourable Sir Charles Innes said:

“The minimum rates of pay of the lowest paid non-skilled workers in the Bengal Nagpur Railway is Rs. 9 a month for women and boys and Rs. 13-8-0 a month for men. The minimum pay of the lowest paid clerical staff is Rs. 28 per mensem. The starting pay of junior clerks in the South Indian Railway is Rs. 20-8-0.”

I may add rising by increments of Rs. 1-8 to Rs. 46. On the Madras and Southern Mahratta Railway it is Rs. 20 rising by increments of Rs. 2 to Rs. 30, on the Eastern Bengal Railway Rs. 28—annual increment Rs. 4—maximum Rs. 40; on the Bengal Nagpur Railway, Rs. 28—annual increment Rs. 4—maximum Rs. 40; on the Oudh and Rohilkhand Railway (now East Indian Railway), Rs. 40—annual increment Rs. 3; on the Bombay, Baroda and Central India Railway, Rs. 40—5—55; on the

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Great Indian Peninsula Railway, Rs. 40—5—80; and so on. This is my case; and here are the actual figures which cannot be contradicted. The starting salary on the Madras and Southern Mahratta Railway for clerks is Rs. 20 and on the South Indian Railway, Rs. 20-8. Here I have got some of the latest communications of the unions in their magazines saying that, in spite of all their endeavours and appeals to the Agents, in spite of the circular of the Government, in spite of the earnest and humble efforts made by the clerks concerned to touch the heart of the Agents, they are where they were. The Agent of the South Indian Railway seems to have told them that it was all a question of supply and demand, and unfortunately that is the plea put forward by the Honourable the Commerce Member also in reply to the question to which I referred just now. Mr. Jamnadas Mehta asked :

"Does the Honourable Member regard Rs. 9 as a human wage for a human being?"

*The Honourable Sir Charles Innes* : I imagine, Sir, that a very large number at any rate of agricultural workers in this country get a great deal less than Rs. 9 a month. Perhaps the best answer that I can give the Honourable Member is that we get for every vacancy in the railway a great many applicants."

And that, Sir, is to be the principle that governs all these matters, the law of supply and demand. I am ready to confess, Sir, that as one of the results of the present system of education we turn out of our schools and colleges every year thousands of young men who are hungry, who are prepared to accept anything they can get—Rs. 15, Rs. 20, Rs. 25, Rs. 28 or Rs. 30, indeed anything that they can get; and this problem of unemployment will have to be tackled by the Central Government sooner or later. I am glad in this connection to note that the Government of the Punjab at least has taken steps to appoint some committee to inquire into this problem, that at least one province has taken steps to deal seriously with the matter. I am prepared to admit that in the Madras Presidency these young men who come out of schools and colleges and have nothing otherwise to do, not being technically trained, have to get at something and they grab at the merest chance of getting anything, and so they are prepared to accept anything, however low. The question is not whether there are not men willing to accept jobs on these low salaries, but whether the Government thinks that these are wages on which a young man of 25 or 30 will be able to do his work well, who probably has a small family to support—a wife and perhaps a child or two. How can they live on Rs. 20 or Rs. 25? That is the question, Sir, which has to be put to the Government here and to the Agent there. The Agent is absolutely unconcerned whether the man is content or not content; he thinks that the man is a machine. He says "You must work on Rs. 20; next year you will get Rs. 1-8 more and next year another Rs. 1-8, until you get in 17 or 18 years the magnificent maximum of Rs. 46." Therefore, Sir, there is that question of a living wage there; and yet the Honourable Sir Charles Innes says that so far as he knows there was never a grievance regarding pay and allowances on the part of clerks or regarding wages on the part of workmen.

Then, again, Sir, it was said that the women and men in factories got between five annas and six annas a day; or sometimes only four and five; and the Honourable Sir Charles Innes had the goodness to say that agricultural labourers in India get no more. I do not know what the agricultural labourer in Northern India gets; but I do know that in South India



agricultural labourers very often prefer to get their wages in kind and not in money. I know in many districts the labourers get so much paddy or ground-nuts and things of that kind getting in kind, is much more profitable to them. There is a great deal of difference certainly between the labourer on the farm and the workman in the towns. The agricultural labourer has no rent to pay; he gets a piece of land and he puts up a few mud walls and a thatched roof; he does not purchase his firewood; he does not purchase various other articles of food; the corn is produced on the land and if he can get a few measures of paddy he is quite satisfied. Do you expect a man at Kharagpur or Calcutta or Negapatam or wherever else you have your workshops to be able to live at the same rate of wages as the other does—on four or six annas a day? At Kharagpur you pay these women and boys some 4 annas and the men seven annas a day. I repeat that this question will have to be gone into very carefully by a committee . . .

**The Revd. Dr. E. M. Macphail** (Madras: European): May I ask the Honourable Member, Sir, . . .

**Mr. M. K. Acharya:** To find out whether these are living wages, wages on which a human being can subsist.

I do not want to take up more time, Sir; I am sorry to see that my old professor is getting impatient; he used to teach us to be patient when we were his pupils. However that was in another place. My friend reminds me that we used to put up with very much more tiresome lectures when we were at college. However I am not anxious to detain the House further. There are these many many difficulties; and all that we ask, Sir, is that some responsible committee should go out, if possible with my dear old master on it, and find out what the living wages of these people are and what is needed to better their conditions. And what is the attitude of the Government towards that question, Sir? "No grievances, first; then, the employees do not want any committee." It is as if we are told that a man struggling in the water, and about to be drowned does not want any help to be given to him to be drawn out of the water and landed on the bank. Is anybody going to believe all these pleas?

Lastly, Sir, it is said that the Agents of the Railways have been asked to look into these matters. I know, Sir, the Agents are human. I am not blaming them at all. But very often the trouble comes not from the Agents, but from their subordinates; and one particular complaint that I have in mind is entirely due to the action of the subordinates, not of the Agents. We have got here the theory of "the man on the spot". The Agents have no doubt got their good intentions; they are doubtless actuated by the best of motives, I do not deny that at all; but it is their subordinates who are responsible for most if not all these troubles. I do not believe that there is any Agent who will turn out his subordinates for not carrying out his orders; I do not believe that even the Honourable the Commerce Member will turn out any of his subordinates for not carrying out his orders. There will be palliatives and there will be explanations as to why the orders have not been executed. So whatever the reason may be, however good the intentions of the Agents may be, or of the Members on the opposite side, I am very sorry to say, Sir, the men suffer and suffer; they rot and rot; and when we come here and ask for a committee of inquiry to look into their grievances, we are at once told that the men do not want a commission of inquiry. Sir, I am very sorry to have to refer to this very old story. I

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remember how a substantial personage like Sir Hari Singh Gour who moved a similar motion some years ago, succeeded by making a cut getting his grievance redressed. I am very sorry I am not so substantial as he is, but all the same I hope he will not be satisfied with what he achieved once, and that he will assist me with the weight of his support on this occasion; and I would appeal to all others in the name of these many many thousands of men and women to lend me their support in this very important matter. Sir, I have taken particular care just now to avoid any reference to what is going on in the Bengal Nagpur Railway; because I know it is a serious question; and I am sure it is engaging the attention of the other side. There also, I may say in a general way, the trouble is due to insufficient wages, to ill-treatment, and to what are called discharges and dismissals. Men are given a month's notice.—not a month's notice, but they are given a month's pay in lieu of notice, and sent away without any reason being assigned. If the discharged men ask for what reason they are sent away, why, they are not wanted! The immediate officer says that he does not want them, and in some cases he gives Rs. 7 or 8 and discharges them. These are some of the many grievances which the railway workmen have and which to most of us at any rate on this side appear to be perfectly legitimate. At the same time, Sir, I do not want the Honourable the Commerce Member to fix any particular rate of salary. I do not want to say that the men must get Rs. 50 to Rs. 200 or that they must get Rs. 40 to Rs. 100 even, although on some railways they do start people on Rs. 40. All we want is that a committee of the Members of this House, or a committee of any respectable gentlemen or any other body the Government may decide upon, I am not particular what committee it is—but I want that some committee of respectable people should be appointed to go about and find out the causes of the present troubles and the grievances of the men and see how far those grievances cannot be redressed.

There is one thing more, Sir, and it is a serious thing. It is sometimes urged, especially by people who are not in touch with these men, that we are the people who incite these illiterate workmen, that members of Government know more about these people than we do and so on. But, Sir, I do not believe for a moment that any member of the Government can hope to know even half as much as I or my friend Mr. Joshi or as a matter of fact any non-official Indian knows about these people. In fact, if the truth is to be told, when the men on the South Indian Railway were feeling very uneasy over the question of their wages and also of holidays, I advised them to do nothing at all seriously, but to wait and hope. Again, while I was coming to Delhi this time, the men on the Bengal Nagpur Railway met me at Kharagpur, and this is the very thing I told them. Their grievances were acute in January, and I told them not to take any serious step; advised them to be patient. Although I knew that we in this House could do very little to relieve their lot, although I knew that all our appeals in the past on behalf of these poor men have fallen on deaf ears, that all the cry that we can raise in their behalf in this House may fall now also on deaf ears, although I knew all that, I still gave them hope and asked them to be patient and not to do anything which they may have to regret later. Therefore, Sir, while we are doing our very best to tell these men not to resort to any extreme step which may inconvenience them and the general public, some Honourable Members there say that we are the people who have incited these men. Yes; some Honourable Members of this House

say—I am glad they are not Indians,—that we are the people who inflame these railway men. It is really very unfortunate that when we do every-thing we can to dissuade these people from resorting to any extreme measures we should be charged and told that it is we who incite these people to strike. I therefore appeal once more to the Honourable Members on the opposite side to consider, if they cannot see eye to eye with us on this important question; I would appeal to the Honourable Sir Charles Innes before he lays down the reins of his office to see if he cannot alleviate the grievances of these many many poor people. I make this appeal to every Member indeed. I do not want to say anything that may exasperate the feelings of anybody here. I simply want a committee of inquiry to see whether the lot of these people cannot be bettered. All the Railways of India are making huge profits; the State Railways are making enormous profits and the Company Railways even more. For instance, the South Indian Railway made in 1925-26 a profit which was much more than that of any of the other Railways, and yet it pays the lowest. In 1925-26 the South Indian Railway got 8·55 per cent. as net revenue receipts after meeting all the charges. The State Railways made only 4·54, while the Madras and Southern Mahratta Railway made 6·68. Last year after deducting all expenses, the South Indian Railway were able to make Rs. 2,19,11,000; the Madras and Southern Mahratta Railway were able to make Rs. 3,42,15,000. So that it cannot be said that these Railways are not in a position to give a little portion of their net earnings after meeting all their charges, to meet the legitimate demands of these men through whom and through whom alone—and I make this point very strongly—through whom and through whom alone, the Railways of India obtain all these large earnings. Yes; but for these downtrodden men, but for these seven lakhs of suffering labourers, I put the question whether the officers can be of any use, whether the railways can run, or whether the railways can earn any money at all? Therefore, Sir, to take all the work you can from them, and then tell them you do not care if they go, that if A goes B can be put in his place or if X goes Y can be put in his place and so on, is hardly right. Is this the answer, Sir, that a civilized Government or a civilized system of administration should give to these poor men? I therefore again appeal to this House that all Honourable Members should support me in this matter; and I hope my good friend Maulvi Muhammad Yakub will also be with us on this Resolution. Last year he voted with us both on this motion and on the motion to omit the Demand under Railway Administration; and I hope he will find no difficulty to vote with us on this occasion, on this important issue which merely asks for an independent committee of inquiry. The Honourable the Commerce Member fears that a committee of inquiry will inflame these people, that it will put all kinds of false hopes into the minds of these ignorant workers. For three years we have been agitating on their behalf in this House, and no false hopes have been put into their very very illiterate hearts; and I do not believe that by the appointment of a committee of inquiry such as we suggest they will be inflamed. They have suffered enough, and I do not think that they expect that the millennium will come as soon as a committee is appointed. I repeat the Government can put anybody in whom they have confidence on this committee; they need not put me or Mr. Joshi on it, although we claim to know more about these men than others. This committee will submit its report to Government. There will be ample opportunity to scrutinise the report with the help of their so-called experts, and this House will also probably have ample opportunity to discuss the report. All that we ask is, you should inquire

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and find out what the men's grievances really are. If in spite of all that I have said, the Honourable the Commerce Member says that he cannot agree to appoint a committee of inquiry, that he will leave the matter entirely to the Agents of the different railway administrations, and that what they say will be the last word, that this House should not have anything to do with the grievances of these men, that we shall not and cannot move one inch further than what the Agents say, all that I can say, Sir, is that so far as this side of the House is concerned it cannot put up with that attitude any longer. Therefore, Sir, when this House for the third time passes this motion and censures Government, for not carrying out the unanimous wish of the Members on this side, for not carrying out this very very sane and innocent Resolution recommending an inquiry, which has become all the more urgent to-day than it ever was before; if the Government still refuse in spite of the verdict of the House to accede to our wishes and persist in carrying on their old game, all I can say is that they will be adding one more reason to our feeling that this is after all a House of Mockery. I hope, Sir, they will not give us any further cause of grievance on this subject. We have cried and cried, and let it not be said that this year for the third time we have cried in vain.

**The Revd. Dr. E. M. Macphail:** Sir, as Mr. Acharya has referred to me, I think perhaps I ought to explain why I interrupted him. I was really wanting to reverse our old role. I wanted him to instruct me. What I wanted was that he should try and put into money the total wage that he or other landowners pay to their agricultural labourers. He put us off by telling us something about ground-nuts and paddy, but that does not convey to my mind what the amount actually paid is. What I want to know is, do they pay anything more than a mere subsistence wage? (*An Honourable Member:* "Much more.") Much more. Well, I shall be grateful to Mr. Acharya if he would put into terms of currency—as currency is the great subject of the day—the actual amount that the labourer receives. It is perfectly true that the agricultural labourer has a great deal more security of tenure than the employee in the railway. That is perfectly true. In fact, when I came to Madras he had so much security of tenure that he could not leave his master even when he wanted to. When I came to Madras, out in the districts round about it was a common thing for a man to give a bond for the debt which he took and to bind himself and his children to serve until that was paid off. And when was it paid off? Never. The man was practically selling himself into slavery; and only last week I saw a case in the *Madras Mail* of a man trying to enforce a bond of that nature. But was it security of tenure? He was kept there practically as a serf receiving merely enough to keep him in life. I have the most intense sympathy with the class that Mr. Acharya has referred to: I mean the class of students who come to our colleges and specially Brahmins who come to our colleges, and at the end of the time are turned out with very little to look forward to in the way of employment. It is one of the great problems in all countries, what we are to do with our boys, and it is a problem specially great in India owing to the peculiarity of the caste system which until lately prevented people like Mr. Acharya from finding any outlet except something in the nature of clerical work. It is because of the large number of people who by caste scruples were not able to engage in trade or in any industrial work that this particular class is even larger . . . . . than it is at home. I have sometimes felt it on my conscience that I am partly responsible for this large number of unemployed

educated people. I am responsible for having turned out a large number of graduates, I am partly responsible for having turned out Mr. Acharya. Mr. Acharya complains that the Railways deal with this problem merely by quoting the law of supply and demand. Well, what I want to know is does a rich landowner give his labourer twice as much as he would give if he were getting a smaller amount? Does the pay of the agricultural labourer increase in proportion to the wealth of his employer or does he still receive a mere subsistence allowance? With regard to the question of supply and demand, there is this to be borne in mind. There is only a limited amount of work and what the Trade Unions at home try to do is to keep down the number of people employed in order that the wages may be increased, so that there may not be this competition. Where you have unskilled labour, you will necessarily have greater competition, and when you have a large number of people who unless they go to a law college and become lawyers, have very little opening except in the way of badly-paid clerical work, you have severe competition. I doubt whether the lot of the ordinary clerk in India is not worse than that of the petty clerk at home, in England and in other European countries. I remember that one of the things which Walter Besant used constantly to bring forward in his books was the folly of people rushing in into the clerical profession—I don't mean the Church, but I mean going in for being merely clerks. Why do they do it? Because they are not fit for anything else. They might be fit for something else if they had the chance. But they have not had the chance. It is a great pity and it is partly due to the fact that we have an enormous number of men rushing in for education who sometimes were not fit for anything after they had come out. I have often said to my Brahmin students: what would you be doing if the British had not come here and opened colleges. I have found it very difficult to get an answer. As far as I can see, they would be sitting on their lands performing ceremonies and saying prayers. That seems to me to be the answer. But the Brahmins were always people who saw a door when it was open and when they saw that entrance into Government service and into the bar brought distinction, in some cases at all events, there was a tremendous rush into the colleges and schools and people who would have been better employed . . . .

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, may I inquire whether we are discussing here the motion which Mr. Acharya has moved or the very nice system of education which this Government have introduced to emasculate the nation?

**The Revd. Dr. E. M. Macphail**: I think, Sir, I am in order—Mr. Das is an authority upon irrelevance—but with due respect I think I am answering something that Mr. Acharya said. I had no intention of making a speech when I got up on my legs but I am sometimes carried away by my subject. On this particular occasion what I do want to express is my great sympathy with these underpaid people; and, when I say "underpaid" I do not mean that it is the duty of the railway to give more than the market value of the work. After all, the railway have a duty to the tax-payer. It is not the business of state railways to give more than the ordinary market value. Sentiment is a very good thing but I have often found that sentiment is expressed at other people's expense, and that what usually happens is that people say "I sympathise with you very deeply but I am not going to do anything for you myself." What we have got to do in this country is, as far as possible, to develop its industries in order that there may be more openings for the young men who wish to take up other kinds of work than merely clerical work. And I also think that we should do nothing to raise the cost of living for this unfortunate class.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I have also tabled a motion in order to ventilate the grievances of the railway employees on the East Indian Railway and now that the general question of the grievances of the employees is under discussion, I think, Sir, it would be proper if I were to take my motion as well. Also because my friend Mr. Acharya is so anxious that I should vote with him, I would prefer to associate myself with his motion rather than press my own motion separately. But, before speaking on the grievances of the East Indian Railway, I would like to say one word in reply to what has fallen from the lips of our learned friend Dr. Macphail. He has asked, Sir, that what the condition of the Indians would be in this country if the British had not come here.

**The Revd. Dr. E. M. Macphail:** May I rise to a personal explanation? I said the Brahmins.

**Maulvi Muhammad Yakub:** Well, he has confined himself to Brahmins only, but then I would say, Sir, that if the British had not been here and had not opened colleges, I think the Brahmins in India would have been much more prosperous than they are now. They would have got many more openings than they have got here. Now, Sir, what is the result? Even in their own line, to which Dr. Macphail refers, that is performing their religious rites, I would submit that, on account of this irreligious and material education imparted by the English institutions they have to a great extent left their religions and they do not go to poor Brahmins for performing their religious rites.

So, if the colleges had not been opened I think the Brahmin would have been in a better position and he would have got more devotees of his own religion to go to him and give him something as alms for performing religious rites.

**Nawab Sir Sahibzada Abdul Qaiyum:** And the Brahmins would have kept them in the dark for ever.

**Maulvi Muhammad Yakub:** No country in the world is dark now. There are many countries in the world where the British have not yet set their foot, although they are trying to do so, as in China, but still we find that civilization is spreading. It is not only with the occupation of the British that we find light in the world. Probably, even in the darkest Afghanistan, where the British have not yet set foot, we find that there are signs of civilization. There are all the inventions of present civilization. Even aviation is to be found there and even Indians have been given offices in aviation in Afghanistan which they cannot get in India. (Laughter.)

**Nawab Sir Sahibzada Abdul Qaiyum:** I mean, Sir, the Brahmin and non-Brahmin question would not have arisen if there had been no colleges, in other words, if the Brahmins had remained in sole possession of knowledge, they would have kept the other people in darkness and the people would not have been any better.

(An Honourable Member: "Certainly not".)

**Maulvi Muhammad Yakub:** I think, Sir, that Brahmins are included in the category of men.

Now, Sir, coming to my subject, the grievances of the employees of the East Indian Railway, which I am going to enumerate now, they are not of my own creation but they form the gist of the resolutions which were passed in a meeting of the Moradabad Divisional Union of the East

Indian Railway. These Resolutions, Sir, were duly forwarded to the Agent of the East Indian Railway but no response was made to them. Therefore I am obliged to put them before this House.

Before the amalgamation of the Oudh and Rohilkhand Railway with the East Indian Railway it was considered that the unity of these two lines would conduce to mitigate the complaints and improve the general conditions of the employees and the general public travelling on these two lines. But unfortunately the amalgamation seems to have thrown the old Oudh and Rohilkhand Railway section altogether into the back ground and its employees are looked upon by the officers of the East Indian Railway like the children of a deceased wife.

The first question with which I propose to deal is the persistent obstinacy of the higher authorities in the matter of the recognition of the Railway unions. At first a Railway Union of the Oudh and Rohilkhand Railway employees was formed at Lucknow. This Union received recognition from the authorities of the Oudh and Rohilkhand Railway in 1921 or 1922, but unfortunately its recognition was withdrawn in 1924; since then several attempts were made to secure recognition but all have been unsuccessful. Subsequently the railway employees of Moradabad railway division formed a separate independent union of their own on moderate lines. The Agent of the East Indian Railway was approached in August 1926 to grant recognition to this Union and it was strongly urged on behalf of this Union that its sphere of activity would never go beyond the limits of moderation and constitutional methods, but the Agent refused to grant recognition. In these days of general awakening when the unions of highly responsible Government departments like the Police Department are being recognised by the Government this conduct of the Agent of the East Indian Railway seems highly improper and objectionable. It is high time that the Railway Board should take action in this matter and move the Agent to grant recognition to this union.

Another matter of very great importance which has caused great trouble and inconvenience not only to the employees but also the commercial and trading public of the United Provinces is the removal of the clearing audit and other offices from Lucknow to Calcutta. This change of headquarters has created great discontent and sensation in the United Provinces and several public meetings were held to record the public protest against the measure, but the indifference of the railway authorities to accede to the wish of the people in the matter is really surprising. The employees of the Oudh and Rohilkhand Railway accepted their employment on the clear understanding that it was a local service and that they would not be required to serve beyond the jurisdiction of that line. At the time of amalgamation the Agent in reply to an address presented to him by the staff of the Oudh and Rohilkhand Railway assured them that they would not be removed to Calcutta except in very rare cases of the exigencies of the service. At the same time the Chief Auditor of the Oudh and Rohilkhand Railway also recommended the retention of the Traffic, Audit and Statistical Offices of the combined lines at Lucknow for the following reasons:

- (1) That it would obviate the transfer of a large body of men to Calcutta from Lucknow or *vice versa*, the Audit Office containing the largest number of employees of the Central offices which it would be impossible to provide for outside the Audit Office.

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- (2) It would solve the difficulty and expense of finding the necessary accommodation in Calcutta there being ample accommodation in Lucknow for the whole of the Traffic, Audit and Statistical Offices of the combined line.

As soon as the employees came to know that the Coaching Office would be shifted from Lucknow to Calcutta they submitted a memorial to the then Viceroy and Governor General of India, and in a letter No. 2898-F., dated the 5th December 1925, the Railway Board informed the Chief Auditor that the question of transferring the Coaching Audit office was not under consideration. In spite of all these undertakings and assurances, the offices were transferred from Lucknow to Calcutta. About 90 per cent. of the clerks in the Deputy Chief Accountants' Office are inhabitants of Lucknow or other places in the United Provinces; most of the residents of Lucknow have their own houses in that city. At Calcutta all of them will have to pay the prohibitive house rent, which, being an extra expenditure, they can hardly afford to pay out of their meagre salaries. Moreover living is also more costly in Calcutta than Lucknow, and in Calcutta the children of the United Provinces residents will also have great difficulty in receiving their education owing to the language of Bengal being different from that of the United Provinces. Besides the above-mentioned difficulties great financial issues are also involved in this question. The transfer of the Lucknow offices to Calcutta is likely to entail an extra expenditure to the Government of something like Rs. 1,25,000 a year in the shape of Presidency allowances, rent of the buildings to be hired for office accommodation and extra travelling expenses. Besides these grievances of the staff the public of the United Provinces will also have to undergo a great deal of inconvenience and trouble on account of this change. These offices were located at Lucknow for more than 60 years and for the residents, especially the merchant and trading classes of the United Provinces, it would be very hard and costly to go to Calcutta in order to adjust their affairs. The East Indian Railway has more miles of track in the United Provinces of Agra and Oudh than in Bihar and Bengal combined and therefore justice and equity demand that the East Indian Railway administration ought to have been located at Lucknow and not at Calcutta. On account of this change the trade of the United Provinces has materially suffered and it is extremely desirable that the Clearing House and the Chief Audit offices should be located at Lucknow, and the attention of the Government is urgently required in regard to this matter.

Another most serious grievance of the employees which also endangers the life of the public is the long hours of duty. In certain cases the railway workmen have to do over 12 hours' duty without any break. The assistant station masters, line jamadars and pointsmen especially have very responsible and onerous duties to perform and to keep this class of employees on long hours of duty is a thing which should in no case be tolerated. It is on account of these long working hours that so many accidents happen on the line and great loss of life and property is caused. I could give instances of such accidents but for the fear of occupying a great deal of the time of the House. Another most chronic difficulty is the shortage of quarters for accommodation of the staff. In very many places, for instance at Moradabad, Bareilly and certain other important



stations, quite an insufficient number of quarters is provided for the members of the Indian staff and large number of low paid and hardworked Indians have to walk for miles sometimes under very inconvenient climatic conditions after performing laborious duties for long hours before they have any sort of rest. Moreover, where the quarters are provided they are extremely insanitary and unfit for living. On the old East Indian Railway section the ticket collectors, booking and parcel clerks, signallers and goods clerks all got free quarters but to the staff of the Oudh and Rohilkhand Railway section these classes of men are deprived of this privilege, and in certain cases where the members of the staff are entitled to free quarters but have not been supplied with them they are not being paid even a house allowance to cover the loss.

Another grievance of the members of the Indian staff is about the leave rules. The leave rules applicable to the Indian staff are very unfavourable as compared with the privileges allowed to Europeans and Anglo-Indians. The benefit of the Fundamental Leave Rules are totally denied to the Indian drivers, even casual leave is not granted often times. Leave in cases of emergency is seldom granted in time. Again the railway authorities refuse to accept medical certificates issued by any authorised medical practitioner except the railway doctors and Civil Surgeons. It very often happens that a man gets ill and goes to his native place in a far-off village or town where there is no railway doctor. In such cases his application for leave supported by a medical certificate of a local authorised medical practitioner is rejected and great deal of trouble and inconvenience is caused. In the case of the subordinate services no railway servant can get a medical certificate nor can he be taken as an indoor patient in any railway hospital without getting a sick memorandum even in cases of serious illness and this office memorandum is sometimes refused even if the poor clerk is suffering from a painful disease and is quite unable to work. As a result of this the poor clerks have sometimes to attend duty even while suffering from serious illness and sometimes succumb to their illness. Sometime ago one Jugal Kishore, clerk in the Divisional Superintendent's Office at Moradabad, was suffering with high fever for three days, he requested the Office Superintendent of the Divisional Superintendent's Office to give him a sick memorandum, but failed to get one and the poor man died for want of rest and proper medical aid. No steps were taken against the stonehearted Office Superintendent. This state of affairs is intolerable and must be carefully examined and remedied.

Sometimes for an ordinary fault men who have a record of long and faithful service are ruthlessly discharged or dismissed and deprived of their only means of livelihood and are also deprived of all their bonus and gratuity. Security of service is the only inducement for the efficiency of the work and this having been lost the efficiency must naturally suffer.

In the matter of promotions the Indian staff is also treated with great injustice. Promotions are not considered on the merits of the employees such as educational qualifications, experience and length of service, but in several cases only favouritism brings promotion. It sometimes happens that the most senior man is left uncared for while the juniors go ahead by leaps and bounds. In the Moradabad Divisional Superintendent's Office last year some promotions in the grade of Rs. 70 to Rs. 105 and Rs. 110 to Rs. 140 were given, it is said, for other considerations than seniority and efficiency of work. The Indian drivers in some cases are stopped at Rs. 55

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per mensem and generally an excuse is made that they are heavy in coal consumption. This rule of coal bar does not apply on the old East Indian Railway section. The head clerks of the sub-offices are blocked at Rs. 64 per mensem and there are no further prospects for them. The lot of the "C" class assistant station masters is also very hard and miserable. There are six classes of assistant station masters as regards pay, i.e., "A", "B", "C", "D", "E" and "F". The last two classes are held only by Europeans and Anglo-Indians. In the Moradabad Division there is one "D" class station only, the first three classes are open to Indians. The "A" class people start on Rs. 40 and go up to Rs. 55 only while in the old East Indian Railway "A" class people rise up to Rs. 76, "B" class men start on Rs. 60 and go up to Rs. 75. The "C" class men start on Rs. 78 and go up to Rs. 90. After that there are no prospects for the Indian assistant station masters because they are not promoted to "E" class and there is only one "D" class station in the Moradabad Division, and it is an anomaly that if an assistant station master getting Rs. 90 is promoted to the grade of station master his starting pay is reduced to Rs. 75. In the same way the Indian station masters of the "A" class are usually blocked at Rs. 75 while the European and Anglo-Indian assistant station masters of the "E" class start on Rs. 150 and rise up to Rs. 250 and the European station masters start on Rs. 350 and rise up to Rs. 500. This racial distinction must immediately be stopped and grades of salaries and promotions must be the same both for Indians and Europeans according to their merits and qualifications.

Lastly the question of direct appointments is also worthy of consideration. Sometimes it happens that outsiders are given high appointments directly at the cost of the old experienced and efficient railway employees.

All these grievances and complaints are so serious that they require immediate investigation and attention and I agree with my friend Mr. Acharya that an enquiry committee consisting of both officials and non-officials including some of the Members of the Legislative Assembly should be appointed at an early date in order to investigate all the questions raised by me and steps be taken on their report.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, after the very eloquent speech of my friend Mr. Yakub, who hails from the same constituency as I do, I do not think that I would be justified in detaining this House on this very important question if I had not something new to say. It is a perfect scandal, if the Honourable the Commerce Member will permit me to use that expression, it is a perfect scandal that an enquiry committee has not been appointed to investigate into the grievances of the numerous railway employees. I do not know why the Government should have shirked their responsibility in this matter. Sir, we had one Committee, the Raven Committee, which went into one part of railway affairs. The Raven Committee has been responsible for bringing to light the big scandal about stores and wagons, about stores and other matters. The great efficiency, the great incompetence, the bungling, all these have been brought to the public notice by the Raven Committee. The Government have very boldly published the Raven Committee's Report instead of shelving it. And if another committee were to go into the question, and a much vaster question of the grievances of railway employees, I am afraid that the Government

would have to face a much bigger exposure. Sir, numerous questions put from this side of the House have made the Honourable Members on the other side confess to certain very glaring discrepancies, very great irregularities in the matter of racial discrimination. An enquiry initiated by the Government producing a report, proclaiming to the world the existence of racial discrimination on railways will at once expose this Government. Sir, the Queen's Proclamation is violated by the railway administration in this country. My friend, Mr. Ambica Prasad Sinha, put a question during the last Session and Mr. Sim replied that racial discrimination will soon be abolished on the East Indian Railway. I do not know if any step has been taken to abolish this racial discrimination. I do not now propose to go into the figures and details. They have so often been presented by this side of the House and accepted by the other side. But is it not the duty of Government here to appoint a Committee of enquiry at once with a view to put a stop to this racial discrimination?

Then there are the other questions: the poor pay of the railway employees. The Honourable Member from Madras, Dr. Macphail, in a very well-delivered speech, brought forward some remarkable ideas about the Brahmin menace. In the Madras and Southern Mahratta Railway numerous employees are Brahmins, but I have no taste for the Brahmin and non-Brahmin question. At least in this part of the country the Brahmin and non-Brahmin problem will not cut much ice. I know that the Honourable Member, whatever his want of authority on railway matters may be—the authority belongs, according to him to my friend, Mr. Das—is far from “a tiresome” speaker. He said something about “supply and demand”. We had something about this just now in this House when Mr. Acharya made a certain “demand” and the professor from Madras “supplied” some arguments against it. (Laughter.) Then he talked about “sentiment at somebody's expense”. I am sorry—I think I share the sorrow of the professor under whose shadow I at any rate had not the good fortune to sit,—I share his sorrow so far as that phrase “sentiment at somebody's expense” goes. He gave it a very wide application, but I am inclined to give it a very narrow application. Mr. Acharya's “sentiments” were perhaps at the professor's “expense” (Laughter) and far from pleasing to the professor. He also talked of the agricultural labourers in Madras. I am rather out of touch with agricultural labourers in Madras. In my younger years I had a great deal to do with agricultural labourers in connection with my father's estates, and I may say that in Madras the tyranny of the taluqdars is unknown—my friend the Raja of Jahangirabad shakes his head. He is one of the very good taluqdars of Oudh. I witnessed the tyranny of the taluqdars in Upper India.

**Rev. Dr. E. M. Macphail:** What about the Mirasadars?

**Mr. O. S. Ranga Iyer:** I am dealing with the class whom the professor described as agricultural labourer. The agricultural labourer in Madras has a turf of ground to call his own. The agricultural labourer in Madras is sure of his daily wages. The agricultural labourer in Madras is not exiled from his own home, and he gets his wages from the owner of the farm. But what happens on these railways? The railway employees are exiles from their own homes. What is the responsibility of the agricultural labourer compared with the responsibility of the railway employee? I am surprised that a professor of much experience should stand up and compare the agricultural labourer with a railway employee. The agricultural

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labourer can very well go to sleep, but if a railway employee, say the pointsman, had gone to sleep on our way to Delhi the professor and I would not be here to-day to measure swords. (Laughter.)

To say that the agricultural labourer gets so much less therefore the railway employee should not get more is absurd. Take the case of a small station, where there is only a station master. He is also ticket collector, booking clerk, and everything else. He has got to work for all the 24 hours. What a violation of the agreement to which the Government are a party, the Labour Conference agreement. No station master is expected to work for more than 60 hours a week. I believe the Government themselves do observe that agreement in regard to certain labour in India, but this privilege they are not prepared to extend to railway employees. They want to make them work more than any man can work, yet they want to give him a scanty wage. The more pay a man gets the greater the concession that the Government gives him. Have they not extended the concessions to railway officers, commended in the Lee Commission's Report? I say the men who have got less must get more. They must be able to live. A porter or a pointsman on the railway gets Rs. 8 a month. I ask the professor if he can live . . . .

**The Honourable Sir Clement Hindley** (Chief Commissioner, Railways): May I ask on which railway the pointsmen get Rs. 8?

**Mr. C. S. Ranga Iyer:** On the Oudh and Rohilkand Railway.

I beg your pardon, I mean the Rohilkund and Kumaon Railway.

**Mr. T. O. Goswami:** Does that give any greater satisfaction to Sir Clement Hindley?

**The Honourable Sir Clement Hindley:** Does the Honourable Member make himself responsible for that statement?

**Mr. C. S. Ranga Iyer:** Will you tell me what exactly he gets?

**The Honourable Sir Clement Hindley:** I have not got the information here.

**Mr. C. S. Ranga Iyer:** I put it to the Honourable Member whether he can live on the wages that the pointsmen on the Rohilkund and Kumaon Railway get, on the East Indian Railway, or the biggest, or the best railway in India. (Laughter.) I put it to the Honourable Member, if he can live on that salary.

**The Revd. Dr. E. M. Macphail:** Or the agricultural labourer.

**Mr. C. S. Ranga Iyer:** I do not say you should give them the salary that you get, but I do say that you should show some consideration. It is no use having all the luxuries for yourself and leaving them in the cold. Supposing he starves, supposing he lives on one meal a day, is it any justification that the railway employee should also starve or live on one meal a day? Two wrongs cannot make one right. (Cheers.) I am surprised that a professor who has taught students and added to the unemployment question (laughter) should come forward with a suggestion like that in this House. Victimisation of the employees on the railways is not a difficult question for Honourable Members to understand. Sir, some of us who travel have sometimes had the misfortune of coming into contact with high railway officials. For instance, not very long ago I was going to preside over a Postal Conference and I was having

a shave in a first class waiting room and in comes a strong big Englishman and says, "How dare you be here?" I was in my Gandhi cap and dhoti. . . . .

**The Honourable Sir Charles Innes:** May I rise to a point of order? Is this a grievance of a railway employee?

**Mr. O. S. Ranga Iyer:** This conclusively proves when a passenger can be treated in that manner how much worse must a railway employee be. (Laughter.) I find my official friends over there having a hearty loud laugh. It is "the loud laugh that speaks the vacant mind." Sir, when a man who is not employed on the railways, when a man who has nothing to do with the railways can be treated in a manner which is extremely objectionable by a railway official, how much more must be the misfortune and misery of a railway employee? Do you think going on strike is a luxury for a railway employee? Do you think men go on strike for the fun of it? And we are to-day in the middle of a big strike which is growing and why? Because of the violent treatment, the callous treatment that has been given to the railway workers, and the Honourable Members now sitting there and laughing ought to set an example to the lower officials by taking matters like this seriously.

There are two grades of officials, the higher officials who sit in front of us and the lower officials who maltreat the subordinate railway employees. It is a fact that most of the officials on the railways do not belong to that higher category of officials of the Government of India. Therefore they have not that higher breeding, that better attitude, and naturally the oppression on the Indian railway employees is bitter. I expect Honourable Members over there to take a much more serious view of this scandal, this oppression which is going on on the Indian railways. They ought not to be frivolous, they ought not to be light-hearted when a serious thing is discussed lest this levity should be taken as an encouragement by the Railway officials. It so happens that when a man grows old on the railway, instead of giving him the consideration he deserves, these lower officials get some excuse and give him "one month's pay in lieu of notice." In the Government service they get a pension. On the other hand the agricultural labourer has his land handed down from father to son, from generation to generation. There is no question here of any analogy with the agricultural labourer. Here the poor man is turned out and in many cases explanations are not given. These facts were placed before the House and the Honourable the Commerce Member did not meet those arguments and did not go into the details. When we avail ourselves of this opportunity of the Budget to place the long-standing grievances of the railway employees before you, you try to laugh them away. The ill-treatment accorded to the staff by the officers of the railways has been stated. The ill-treatment accorded to the female coolies in the Bengal-Nagpur Railway cannot be read. I do not want to read it here, but I want the Honourable the Commerce Member to read it. The treatment accorded to them is not secret, it is published by the Union, and it is appalling, it is disgusting, it is immoral.

Innumerable are the punishments inflicted on the employees. Reductions, dismissals, fines are being inflicted for trifling faults. There is no security for these servants, wages are inadequate and the employees in general are driven to borrow money at high rates of interest. We have

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heard in this House sometimes very pleasing statements, highly moralizing statements on the awful evils of usury. While discussing the Santhal Pargana question Honourable Members on that side became eloquent about the follies and evils of usury, but by paying the railway employees so poorly they are driving them into the hands of the Shylocks of India. (*Lala Lajpat Rai*: "Sweating is the word.") And the Unions are not recognised because the Unions bring forward the troubles of the troubled. It does not pay the Government to recognise the Unions, but, Sir, I would ask the Government to set an example in this country such as they have set in their own country. On this side of Suez why should matters change? I shall read to you the grievance of the Unions from a report of the second conference of the Madras and Southern Mahratta Railway Union, in Madras. This is what they recorded:

"This Conference regrets that, in spite of the Union being conducted solely by the employees for the last three years, the Agent has not chosen to recognise the Union and redress their properly formulated grievances."

The Government should, without further dilly dallying or shilly shallying go into this matter, appoint an inquiry committee and give unto the poor people what is their due. The rich have taken their due, in spite of this House. . . . .

**Mr. President:** If the Honourable Member is going to be very long, we might adjourn at this stage.

**Mr. C. S. Ranga Iyer:** Yes, Sir, I bow to your ruling; I am afraid I shall take a little more time.

**Mr. President:** What time is the Honourable Member going to take?

**Mr. C. S. Ranga Iyer:** I will take about half an hour. (Laughter.)

The Assembly then adjourned till Eleven of the Clock on Friday, the 25th February, 1927.

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# LEGISLATIVE ASSEMBLY.

*Friday, 25th February, 1927.*

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The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

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## MEMBER SWORN.

Mr. T. A. Chalmers, M.L.A. (Assam: European).

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## QUESTIONS AND ANSWERS.

### PUBLICATION OF THE REPORT OF THE TARIFF BOARD ON THE MILL INDUSTRY.

579. **\*Sir Victor Sassoon:** Will Government be pleased to say when the Report of the Tariff Board on the mill industry is likely to be made public?

**The Honourable Sir Charles Innes:** With your permission, Sir, I will reply to questions Nos. 579 and 582 together.

Government recognise the desirability of publishing the Report as soon as possible. They consider it essential, however, that their decisions on the more important of the recommendations should be announced at the time of publication, and they regret that it is impossible at present to fix a definite date.

**Sir Victor Sassoon:** Will the Honourable Member give us any hope of its being published before the end of the Session?

**The Honourable Sir Charles Innes:** All I can say is that we will do our best to publish it before the end of the Session.

**Sir Victor Sassoon:** Thank you.

### ROCKFELLER FELLOWSHIPS.

580. **\*Mr. Abdul Latif Saheb Farookhi:** (a) Is it a fact that under the terms of a Rockfeller's Charity the Government of India has been given the discretion to nominate five Indians, with medical qualifications, to five scholarships tenable at the Rockfeller's Institute of America?

(b) If so, how many Indians have been recommended every year and what are their names?

(c) What steps are taken to find out candidates for these scholarships?

(d) Are they invariably Government servants or are private medical practitioners also given the benefit of the scholarships?

(e) Have Government on any occasion invited applications for the scholarships by means of advertisement in the Press?

(f) If so, how many applications have been received?

(g) If not, why was such advertisement not made?

**Mr. J. W. Bhore:** (a) No. Selections for Rockefeller Fellowships are made by the Executive Committee of the International Health Board (Rockefeller Foundation) Fellowships on the recommendation of their representative in India. The number of Fellowships granted to Indians by the Board is not definitely fixed, nor are they awarded every year.

(b) Does not arise.

(c) Local Governments are asked to nominate suitable candidates. The candidates are placed in order of preference by the Scientific Advisory Board, Indian Research Fund Association, in accordance with the instructions of the International Health Board.

(d) The candidates selected have not all been Government servants, but the scholarships are granted only to persons, who on completion of their training will be appointed to appropriate positions in the official health services of their country, or in schools of hygiene.

(e) No.

(f) Does not arise.

(g) The reason is given in the answer to part (d).

#### NET EXPANSION OR CONTRACTION OF CURRENCY IN EACH OF THE YEARS 1920—26.

581. **\*Mr. Ghanshyam Das Birla:** Will the Honourable Member in charge of Finance be pleased to lay on the table a statement showing the net expansion or contraction of Currency effected in each of the calendar years 1920, 1921, 1922, 1923, 1924, 1925 and 1926?

**The Honourable Sir Basil Blackett:** The figures of net expansion and contraction of Currency from 1st January 1920 to 31st August 1924 were given by me in reply to a question by Mr. Jamnadas M. Mehta, on the 23rd September 1924. The figures for the subsequent period are being compiled and will be furnished to the Honourable Member as soon as possible.

(Dr. B. S. Moonje then put Question No. 582 on behalf of Mr. Ghanshyam Das Birla†).

**Mr. President:** The Honourable Member must follow the answers given. No. 582 has already been answered.

#### NUMBER OF COMMUNAL OUTBREAKS FOR EACH OF THE YEARS 1900—1926.

583. **\*Mr. Ghanshyam Das Birla:** Will Government be pleased to lay on the table a statement showing for each of the years between 1900 and 1926 the number of such communal outbreaks in the country as had their

†For answer to this question, see answer to question No. 579.

582. **\*Mr. Ghanshyam Das Birla:** Will Government be pleased to state when they expect to publish the Report of the Tariff Board Cotton Textile Industry Enquiry?



origin in quarrels over (1) Cow-slaughter, (2) Ramlila Processions, and (3) Music? And will Government be pleased to state when and where the first riot over the question of music with procession occurred?

**The Honourable Sir Alexander Muddiman:** The Government of India do not consider they would be justified in initiating the elaborate enquiry that would be necessary in order to furnish the Honourable Member with the statement he asks for.

As regards the date of the first riot over the question of music I would refer the Honourable Member to the answer that I gave on the 18th August last to Mr. Harchandrai Vishindas.

#### ADMISSION OF THIRD CLASS PASSENGERS TO THE HOWRAH RAILWAY STATION.

584. **\*Mr. Ghanshyam Das Birla:** Are Government aware of the inconvenience, and even harassment, caused to the third class passengers at the Howrah railway station by the present practice of regulating admission to the platforms: and if so, what action do they propose taking to bring home to the railway authorities concerned, the necessity of providing better facilities to such passengers for boarding trains?

**Mr. A. A. L. Parsons:** I would refer the Honourable Member to the answer given in this Assembly to starred question No. 212 asked by Mr. K. Ahmed on 23rd January 1928.

**Rai Bahadur Tarit Bhusan Roy:** May I put a supplementary question, Sir? May I ask whether it is not a fact that intermediate class ladies and gentlemen are also subjected to harassment and uncivil treatment at the Howrah and Sealdah railway stations?

**Mr. A. A. L. Parsons:** Not so far as I am aware, Sir.

#### MUHAMMADANS IN THE TELEGRAPH DEPARTMENT.

585. **\*Maulvi Muhammad Yakub:** (a) Will Government be pleased to say what is the total number of telegraphists, telegraph masters and telegraph superintendents: as well as the total strength of the engineering branch of the Telegraph Department?

(b) What is the proportion of the various appointments held by the Muhammadans in the Telegraph Department?

(c) Do Government afford any facilities for the recruitment of Muhammadans to the general service of the Department?

(d) In view of the great paucity of Muhammadan Telegraphists in the Telegraph Department, are Government prepared to transfer qualified Muhammadan postal signallers to that Department?

**The Honourable Sir Bhupendra Nath Mitra:**

(a) The total number of staff on the 1st January 1927 was as follows:

Telegraphists	3,090
Telegraph Masters	353
Telegraph Superintendents (Traffic)	37
Strength of Engineering Branch staff of the corresponding grades	361

(b) The proportion of appointments held by Muhammadans is as follows :

Telegraphists . . . . .	3.1 per cent.
Telegraph Masters . . . . .	8 „ „
Telegraph Superintendents (Traffic) . . . . .	Nil.
Assistant Engineers, General . . . . .	Nil.
Deputy Assistant Engineers, General . . . . .	1.6 per cent.
Engineering Supervisors, General . . . . .	6 „ „
Assistant Engineers, Telephones . . . . .	Nil.
Deputy Assistant Engineers, Telephones . . . . .	Nil.
Engineering Supervisors, Telephones . . . . .	4.8 per cent.
Assistant Electricians . . . . .	Nil.
Deputy Assistant Electricians . . . . .	Nil.
Electrical Supervisors . . . . .	1.8 per cent.

(c) The attention of the Honourable Member is drawn to part (c) of the reply given on the 12th March 1925 to unstarred question No. 242 by Mr. M. S. Sadiq Hasan and also to part (c) of the answer given in the Legislative Assembly on the 20th August 1926 to starred question No. 138 by Khan Bahadur W. M. Hussanally. The general question of future recruitment to the Department is under the consideration of Government.

(d) No, Sir. But in the scheme of future recruitment due provision will be made for minority communities.

#### OPENING OF A TELEGRAPH TRAINING CLASS AT THE MUSLIM UNIVERSITY ALIGARH.

586. \*Maulvi Muhammad Yakub: Is there any proposal to establish a telegraph training class at the Muslim University, Aligarh, such as at St. Fidelis, Mussoorie and La Martiniere, Lucknow?

The Honourable Sir Bhupendra Nath Mitra: The question of the establishment of new telegraph training classes in educational institutions is associated with general question of future recruitment, which is under the consideration of Government. There is no recognised telegraph training class attached to the La Martiniere College, Lucknow.

#### NOMINATIONS TO THE INDIAN CIVIL SERVICE.

587. \*Maulvi Muhammad Yakub: Will Government be pleased to state :

(a) How many candidates were recruited for the I. C. S. this year, (i) by competition (ii) by nomination?

(b) How many of them were Muslims, either by competition or by nomination?

(c) What is the rule governing the nominations? Do Government keep in view the claims of different Provinces in making nominations?

(d) Do Government propose to give preference, in making nominations, to those Provinces from which no Muslim has yet been nominated?

(e) What are the Provinces from which no Musulman has yet been nominated for the I. C. S.?

**The Honourable Sir Alexander Muddiman:** (a) The recruitment for the year 1926-27 is not yet complete. The last year for which complete figures are available is 1925-26. In that year 20 Europeans and 18 Indians were recruited for the Indian Civil Service by competition and 4 Indians by nomination.

(b) 2 Mussalmans were recruited by competition and 1 by nomination

(c) and (d). Nominations are made in accordance with the rules made by the Secretary of State in Council under section 97(6) of the Government of India Act. Under rule 7 of these rules recommendations are made in the first instance from the list of candidates who sat at the competitive examination, and selection must depend on the material available. The number of candidates of minority communities suitable for nomination is frequently not large and Government cannot undertake to have regard to the province of origin of such candidates as well as to the communities to which they belong.

(e) Since 1922, when the present system first came into force no Mussalman has been nominated from Madras, Bombay, the United Provinces, Burma or Assam.

#### MUSSALMAN REPRESENTATIVE OF THE DELHI PROVINCE IN THE LEGISLATIVE ASSEMBLY.

- 588. **\*Maulvi Muhammad Yakub:** Are Government aware that the Mussalmans of Delhi Province, who form about 40 per cent. of the population, have got no representative of theirs in the Legislative Assembly? How do Government propose to remove this inequity?

**The Honourable Sir Alexander Muddiman:** The Province of Delhi is a single general constituency for the purposes of representation in this Assembly. It is not under consideration to disturb this arrangement.

#### CONTRIBUTIONS TO THE MAINTENANCE OF AERODROMES AT BUSHIRE, BUNDER ABBAS AND CHARBAR.

589. **\*Dr. B. S. Moonje:** (1) Is it a fact that the Government of India have agreed in 1921 and have continued to make a small contribution to the maintenance of the aerodromes at Bushire, Bunder Abbas and Charbar, equivalent to half the actual expenditure on them?

(2) If so, will Government be pleased to state:

(a) the amounts spent year by year on the maintenance of the said aerodromes from the year 1921 up to date?

(b) what is the nature of the so-called genuine interest which India was held to have in the maintenance of the said aerodromes?

(c) whether it is not a fact that the maintenance of these aerodromes was a purely Imperial concern with which India has nothing to do?

- (d) whether besides India any of the British Possessions and the \* Dominions are believed to have any genuine interest in the maintenance of these aerodromes and have consequently been asked to contribute towards their maintenance; and if not, why not?

**The Honourable Sir Bhupendra Nath Mitra:** (1) Yes.

(2) (a):

	Rs.
1921-22 . . . . .	Nil.
1922-23 . . . . .	13,618
1923-24 . . . . .	2,339
1924-25 . . . . .	3,333
1925-26 . . . . .	1,014

(b) The nature of India's interest is the advantage to the commercial community in India from the establishment of an air service between India and the West. I may mention for the Honourable Member's information that the expenditure to which he refers was approved by the Standing Finance Committee on the 2nd June 1921, see page 8 of the proceedings of that Committee, Vol. I, No. 1.

(c) No.

(d) The Government of India have no information on the subject.

#### EXPENDITURE ON CIVIL AVIATION.

590. \***Dr. B. S. Moonje:** Will Government be pleased to state:

- (a) if the policy regarding Civil Aviation as enunciated in paragraph 10 of the Memorandum of the Indian Air Board, to give effect to which "a certain amount of money" has already been spent despite financial stringency prevailing in those years, as detailed in the said paragraph, was submitted to the Assembly for its approval, previous to the Government having spent money to give effect to the said policy,
- (b) what amounts of money have been spent so far to give effect to that policy?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The bulk of the expenditure was incurred before the Assembly, came into being; any incurred thereafter has, of course, been submitted to its vote.

(b) The information is being collected and will be sent to the Honourable Member when available.

#### EMPLOYMENT OF TRAINED INDIAN AIRMEN IN CONNECTION WITH THE IMPERIAL AIR SCHEME.

591. \***Dr. B. S. Moonje:** Will Government be pleased to state if, before agreeing, as asked by the Imperial Government, to give assistance to their Imperial Air scheme, aggregating for the present, to nothing less than 4 or 5 Lakhs of rupees in the shape of a grant-in-aid, as detailed in sub-paragraph 2 of paragraph 13 of the Indian Air Board's Memorandum,

they contemplate to insist upon the acceptance by the Imperial Government of the condition that on their airships, trained Indian airmen, if available, shall be engaged as officers and suitable Indian lads accepted as apprentices for training? If so, what scheme, if any, has the Government evolved for recruiting such officers and apprentices; but if not, why not?

**The Honourable Sir Bhupendra Nath Mitra:** The assistance referred to was agreed to by the Government of India with the approval of the Standing Finance Committee and subject to the condition that they should retain a voice in the management of the service, and the bulk of the consequential expenditure was voted by this House in 1925-26, and in the Budget for the current year. The condition cannot, from its nature, operate until the experimental stage, which will probably be protracted, is complete and the question of a regular service becomes a live issue.

#### INAUGURATION OF INTERNAL AIR SERVICES.

592. **\*Dr. B. S. Moonje:** Will Government be pleased to state if plans have been matured in accordance with the recommendations of the Indian Air Board for inaugurating internal air services either of airships, or of aeroplanes or of both and also a seaplane service between Calcutta and Rangoon?

**The Honourable Sir Bhupendra Nath Mitra:** No, but Government hope shortly, and on the approval of this House to the supplementary grant asked for, to acquire a site at Rangoon for the terminal base of a Calcutta-Rangoon seaplane service.

#### TRAINING OF INDIANS AS AVIATION OFFICERS.

593. **\*Dr. B. S. Moonje:** Will Government be pleased to state if they propose:

- (a) to start college and a school attached to it, as early as practicable, for teaching both Civil and Military aviation to Indian lads for all grades of service from that of an officer down to that of an ordinary mechanic, and
- (b) to establish sufficient number of State scholarships, pending the above scheme maturing and coming into working order for enabling Indian lads to take their training as aviation officers in England?

**The Honourable Sir Bhupendra Nath Mitra:** (a) No. The attention of the Honourable Member is invited to the reply given to his starred question No. 399 in the Assembly on the 15th February 1927.

(b) No.

**Nawab Sir Sahibzada Abdul Qayyum:** With your permission, Sir, I should like to postpone to some later date questions Nos. 594 to 601 and No. 604 as I understand that the answers are not ready.

\*594—601.†

### PROVISION OF A RAISED PLATFORM AT JAHANGIRA ROAD RAILWAY STATION.

602. \*Nawab Sir Sahibzada Abdul Qaiyum: (a) Are Government aware that the Jahangira Road railway station in the Peshawar District, North-West Frontier Province, has a large passenger and goods traffic from the neighbouring Yusafzai *illaga*?

(b) Do Government know that there is no raised platform, to the level of the compartments, for passengers to get into the trains and that the passengers are experiencing great inconvenience on that account?

(c) If so, do Government propose to remove the inconvenience?

Mr. A. A. L. Parsons: (a), (b) and (c). The Government have no doubt that the facts are as stated by the Honourable Member. It is the policy of Railway Administrations to provide raised platforms at stations where the passenger traffic is sufficiently heavy to justify the expense. The matter will be brought to the notice of the Agent, to whom a copy of the question and this answer will be sent.

Nawab Sir Sahibzada Abdul Qaiyum: Are Government aware that a similar reply was given to an Honourable Member of this House two years ago, and may I ask whether the matter was ever brought to the notice of the Agent and, if so, with what results?

Mr. A. A. L. Parsons: I am afraid that I cannot remember all the replies that were given two or three years ago to a question of this character.

### FARES ON THE MARI LUKKI AND TANK RAILWAY

603. \*Nawab Sir Sahibzada Abdul Qaiyum: Will Government be pleased to state if the rates charged for railway fares on the Mari (Attock)-Lukki and Tank Railway are the same as those charged on the other lines of the North Western Railway? If not, do Government propose to bring them to the same level?

Mr. A. A. L. Parsons: I would refer the Honourable Member to the reply given by the Honourable Railway Member to his question No. 760 on the 13th March 1924. The rates on the Mari-Lukki and Tank Railway had to be raised by 50 per cent because the line was being worked at a heavy loss, and though the loss has consequently been reduced, it is still, on our latest figures, over 3½ lakhs per annum. In the circumstances it is not at present possible to bring the fares to the same level as on the North Western Railway.

Nawab Sir Sahibzada Abdul Qaiyum: May I ask how long it will take to work out the loss in order that the ordinary rates and fares may be applied?

Mr. A. A. L. Parsons: I am no prophet.

Nawab Sir Sahibzada Abdul Qaiyum: Is it because this is a strategic line that the rates have been raised?

Mr. A. A. L. Parsons: As far as I recollect, the increase in the rates on this line was not in any way connected with the fact that the line is strategic.

Nawab Sir Sahibzada Abdul Qaiyum: Is it the case with all new lines opened, that the rates are fixed according to the expenses of the line?

**Mr. A. A. L. Parsons:** Our general scale of rates and fares is, of course, a scale which provides for the lines being a paying proposition.

**Nawab Sir Sahibzada Abdul Qaiyum:** Do the Government know that it is a very short line, without any great population on the other side of the river Indus, and that there is no likelihood of its ever being able to pay its expenses?

**Mr. A. A. L. Parsons:** I am aware that the line is a short line, but I should not like to state that it will never pay its expenses.

\*604.†

APPOINTMENT OF AN ADDITIONAL JUDICIAL COMMISSIONER IN THE  
NORTH WEST FRONTIER PROVINCE.

605. **\*Nawab Sir Sahibzada Abdul Qaiyum:** (a) Will Government be pleased to state if any improvement has come about in the judiciary of the North-West Frontier Province by the appointment of the Additional Judicial Commissioner?

(b) If so, is it in the quality of the work or in the speedy disposal of the work?

(c) What special inspection powers, if any, have been given to the Judicial Commissioners for the supervision of the lower courts?

(d) Do Government propose to give the newly constituted Bench the full powers of a Chief Court with respect to the general inspection, control and supervision of the lower courts in the Province?

**The Honourable Sir Alexander Muddiman:** (a) Yes

(b) The appointment has diminished the pending cause list, and has expedited the disposal of both civil and criminal work. It is also fulfilling one of the main objects with which it was created, namely, that references in cases involving sentences of death and important civil appeals should not depend on the judgment of a single judge.

(c) and (d). I would refer the Honourable Member to sub-section (2) re-numbered as sub-section (5) of section 42 of the North West Frontier Province Law and Justice Regulation, 1901 (VII of 1901), as amended by Regulation IV of 1926 which vests in the Court of the Judicial Commissioner, the general superintendence and control over all courts and also to sub-section 1 (i) of section 44 of that Regulation as amended which authorises the Judicial Commissioner's Court to make rules providing for the inspection and working of the subordinate courts. In these respects the Judicial Commissioner's Court already exercises powers similar to those of a Chief Court and nothing further is contemplated.

OPENING OF A ZAMINDARS' BANK ON THE CO-OPERATIVE SOCIETY SYSTEM  
IN THE HAZARA DISTRICT OF THE NORTH WEST FRONTIER  
PROVINCE.

606. **\*Nawab Sir Sahibzada Abdul Qaiyum:** With reference to their experiment of opening a Zamindars' Bank on the Co-operative Society system, in the Hazara District of the North-West Frontier Province, will

Government be pleased to say whether they propose to extend the system to other districts of the Province and how soon?

**Mr. J. W. Bhore:** The question is under consideration.

**OPENING OF NEW POST AND TELEGRAPH OFFICES IN THE NORTH WEST FRONTIER PROVINCE.**

**607. \*Nawab Sir Sahibzada Abdul Qaiyum:** (a) Will Government be pleased to state how many post and telegraph offices, separate or combined, have been opened in the North-West Frontier Province during the past three years in:

- (i) rural areas;
- (ii) towns and cantonments?

(b) How do these numbers compare with similar new offices opened in the neighbouring districts of the Punjab, of which the North-West Frontier Province forms a part, as regards the Postal and Telegraph Department?

(c) Are Government aware that last year a Member of this House approached the Director General of Posts and Telegraphs and the Post master General, Punjab, with a request for opening a combined post and telegraph office at Topi (Peshawar District of the North-West Frontier Province) proving by facts and figures the necessity of opening the office, but that the department insisted upon having a personal guarantee of nearly three thousand rupees a year before the office could be opened?

(d) Is it a general rule that no new office is to be opened without a personal guarantee?

(e) Are there any exceptions to this rule and if so what are the grounds on which these exceptions can be claimed or secured?

(f) Is not the fact of a large population and trade at a place treated as a good reason for opening a new office at a place?

(g) Do Government propose to find facilities for the rural population with respect to better telegraphic and postal communications and if so in what way?

**The Honourable Sir Bhupendra Nath Mitra:** (a) (i) Rural area:

Number of Post offices . . . . .	16
Number of Combined offices . . . . .	5

(ii) Towns and Cantonments:

Number of Post offices . . . . .	5
Number of Combined offices . . . . .	4

(b) (i) Rural area:

Number of Post offices . . . . .	9
Number of Combined offices . . . . .	5

(ii) Towns and Cantonments:

Number of Post offices . . . . .	2
Number of Combined offices . . . . .	2



(c) Government understand that such a request was made and that a guarantee of Rs. 2,075 was asked for.

(d) No.

(e) Does not arise.

(f) and (g). The policy of the Department is to open offices, without a guarantee, wherever there is reason to believe that they are required and will prove self-supporting within a reasonable time. In this connexion a copy of the Departmental General Order issued on the subject is placed on the table. Since then, the matter has been receiving close attention and every effort is being made to extend postal and telegraph facilities in rural areas as much as reasonably possible. All likely cases are reviewed; letter boxes are provided and village postmen are appointed if the establishment of a post office is in the first instance found to be out of the question.

## POSTS AND TELEGRAPHS.

(Post Office).

To

ALL POSTMASTERS-GENERAL, DEPUTY POSTMASTER-GENERAL, SIND AND BALUCHISTAN CIRCLE, ALL DIRECTORS, TELEGRAPH ENGINEERING, ALL DIVISIONAL ENGINEERS AND ALL SUPERINTENDENTS OF POST OFFICES.

*Director-General's G. O. No. 8, Calcutta, the 6th October, 1925.*

**SUBJECT:—**Extension of communication facilities to rural areas and the smaller towns.

The attention of all Administrative and Executive Officers of the Department is invited to the importance of extending communication facilities, e.g., postal, Telegraphic and Telephonic facilities—to rural areas and the smaller towns. In the past the activities of the Department were mainly directed to the extension and development of these facilities in large towns and suburban areas. The time has now come when the Department can no longer afford to neglect the claims of the rural areas and the smaller towns which must occupy a most prominent place in its future field of activity.

By devoting attention to the hitherto-neglected areas, the Department will not only be helping their commercial development but also opening up new sources of revenue.

2. In formulating schemes for the extension of communication facilities in the rural areas and the smaller towns, all Officers must however bear in mind that they belong to a Commercial Department. No schemes or projects can, as a rule, be taken in hand on mere utilitarian grounds. The financial effects of all schemes must be carefully worked out, before they are submitted for sanction. Further the facilities provided in the schemes must not be too ambitious; they should be just suited to and not greatly in advance of, the requirements of the rural areas. In order that these new schemes may prove a financial success, both the initial outlay and the operating and supervisory charges must be kept down to the irreducible minimum, consistent with efficiency.

3. As regards the Post Office, the facilities should be extended to the remotest villages, through the cheapest agency. There are many existing post offices, where the telegraph branch can be easily opened without almost any additional cost to the Department, there are several others, where the telegraph branch can be provided at a small cost by the use of light construction stores and by the utilization of materials and appliances which have become obsolete for the purpose of main lines and offices. A large number of Magneto Switchboards and Sub-station apparatus are in stock which can be profitably utilised for the development of the telephone industry in rural areas and the smaller towns.

4. For the successful expansion of departmental activities in the backward areas, it is of the utmost importance that all officers should come into contact with the people and personally ascertain and anticipate their requirements in this respect. Further,

there must be closer co-operation in future between the three main branches of the Department, viz., the *Post Office*, *Telegraph Engineering*, and *Telegraph Traffic*. All schemes for the extension of communication facilities in the rural areas and smaller towns, should be worked by the Postmasters-General and the Directors concerned in direct consultation with one another.

5. All Circle Officers will kindly take up this important question of extending communication facilities in the rural areas at the earliest possible date and submit their schemes and proposals in this connection by the 31st December 1925. A statement showing :

- (a) the number of new post offices opened,
- (b) the number of post offices provided with telegraph facilities,
- (c) the number of telephone exchanges and telephone offices opened,

in each Circle during the period 1st November 1925 to 31st March 1926, should also be submitted by the 15th of April 1926.

G. P. ROY,

*Offg. Director-General of Posts and Telegraphs.*

#### RECRUITMENT TO THE POLICE DEPARTMENT IN THE NORTH-WEST FRONTIER PROVINCE.

608. \*Nawab Sir Sahibzada Abdul Qaiyum: (a) Will Government be pleased to furnish figures of recruitment to the North-West Frontier Province Police for the year 1925-26 (i) in the rank and file and (ii) in the Officers class as Head Constables, Sub-Inspectors, Inspectors and Deputy Superintendents?

(b) How many of each class were Muslims and how many non-Muslims?

(c) Was the recruitment confined to the inhabitants of the North-West Frontier Province or were any outsiders recruited and if so, to what extent?

(d) Is it true that Government intend bringing up the non-Muslim element to one-third of the whole force and if so, will they please state the reasons for it?

(e) Do Government propose to extend the scheme to the constabulary force; if not, why not?

(f) If the reply to the above is in the affirmative do the Government intend to get the non-Muslim recruits for the rank and file from among the people of the Province or are they prepared to import them if necessary?

**The Honourable Sir Alexander Muddiman:** The information asked for is being collected and will be furnished to the Honourable Member.

#### GOVERNMENT TRAINING COLLEGE, PESHAWAR.

609. \*Nawab Sir Sahibzada Abdul Qaiyum: Will Government be pleased to state if there is a Government Training College at Peshawar, North-West Frontier Province and, if so:

(a) What was the total initial expenditure on the building of the institution, etc?

(b) What is the annual recurring expenditure of the same?

- (c) How many classes there are in the College and how many students in each class?
- (d) Are there any B. T., S. A. V. or J. A. V. classes?
- (e) Is it a fact that the Education Department of the North-West Frontier Province are sending their teachers and candidates for teacherships for training to the Punjab Colleges from year to year?
- (f) If so in what numbers and at what total cost each year?
- (g) What is the average cost per man per year of these people, both in tuition fees and in stipends?
- (h) Are Government aware that the system is not popular with the people of the North-West Frontier Province and that there is always a scarcity of suitable candidates for training from among the true children of the soil?
- (i) Do Government propose to open B. T., S. A. V. and J. A. V. classes in the Peshawar Training College—if not, why not?

**Mr. J. W. Bhore:** Yes. The other information asked for in parts (a) to (i) of the question is being obtained and will be supplied to the Honourable Member in due course.

#### EXPANSION OF EDUCATION IN THE NORTH-WEST FRONTIER PROVINCE.

610 **\*Nawab Sir Sahibzada Abdul Qaiyum:** (a) Is it a fact that while in the Punjab the percentage in education had gone up from 3·8 males and ·79 females in 1916-17 to 6·04 and 1·0 per cent respectively in 1922-23, of its total population, the percentage in the North-West Frontier Province which stood at 3·5 and ·44 respectively in 1916-17 had only reached the figures of 4·1 and ·5 respectively in 1922-23?

(b) Is it a fact that towards the end of the year 1925 certain proposals were submitted by the Local Government for the consideration of the Government of India drawing attention to the educational backwardness of the Province and asking for a special grant of rupees five to twelve lakhs in five years to improve the situation, but that the Government of India only allowed Rs. 75,000 extra for the year and postponed the full consideration of the scheme to some later date?

(c) Will Government please state if they have arrived at any decision on the subject and whether they are going to allow any special grant for the purpose this year?

(d) If not will they please state how they propose to remove the educational backwardness of the North-West Frontier Province?

**Mr. J. W. Bhore:** (a) and (b). Yes.

(c) and (d). It is not proposed to make any special grant this year in addition to the sum of Rs. 75,000 already provided. During the next five years, however, it is hoped, subject to the voting of the funds by the Legislative Assembly, to make to the North West Frontier Province for the expansion of education, additional grants amounting to nearly 16 lakhs for non-recurring expenditure and of Rs. 1,62,000 in 1927-28 rising to Rs. 4,65,000 in 1931-32 for recurring expenditure.

**Nawab Sir Sahibzada Abdul Qaiyum:** If, as I understand, the claim of the North West Frontier Province to an additional grant for education has been established, will the Government be pleased to state if they will provide some special grant to meet that demand?

**Mr. J. W. Bhore:** I have just endeavoured to explain to the Honourable Member that for the next five years there is going to be a progressive and very much enlarged grant on education in the North West Frontier Province.

**Nawab Sir Sahibzada Abdul Qaiyum:** Do I understand that the figures given by the Honourable Member include the grants already allowed?

**Mr. J. W. Bhore:** No, Sir. I used the words "additional grants".

NUMBER OF POSTS ON THE CADRE OF THE INDIAN EDUCATIONAL SERVICE IN THE NORTH WEST FRONTIER PROVINCE, ETC.

611. **\*Nawab Sir Sahibzada Abdul Qaiyum:** (a) Will the Government be pleased to state how many posts of the Indian Educational Service there are on the cadre of the North-West Frontier Province and by whom they are held now?

(b) Is it a fact that one of these posts is held by a senior member of the Indian Educational Service who is working as a Headmaster of the Government High School, Peshawar?

(c) Do Government propose to utilise the services of this highly educated member of the Indian Educational Service in some more useful way?

**Mr. J. W. Bhore:** (a) There are five posts in all, three of which are held by the undermentioned officers and the remaining two are in abeyance:

Director of Public Instruction—Mr. J. H. Towle.

Headmaster, Government High School, Peshawar,—Mr. Inayatullah Khan.

Inspectress of Girls' Schools—Miss G. Littlewood.

(b) Yes.

(c) No. The Government of India know of no other suitable opening where his services can be more profitably utilised.

**Nawab Sir Sahibzada Abdul Qaiyum:** Is it the want of a suitable appointment or the importance of his present work that keeps him in that post?

**Mr. J. W. Bhore:** Sir, we cannot find any other suitable appointment for him.

**Nawab Sir Sahibzada Abdul Qaiyum:** Is it not a waste of qualifications and a waste of money to employ a man of that salary and experience on running only an ordinary Government High School?

**Mr. J. W. Bhore:** Does the Honourable Member suggest that we should axe him?

**Nawab Sir Sahibzada Abdul Qaiyum:** I thought the Indian Empire was wide enough for a man of his qualifications?

**Mr. J. W. Bhore:** The Honourable gentleman does not realise that education is a transferred subject and we cannot force an officer on the Provincial Governments.

**Nawab Sir Sahibzada Abdul Qaiyum:** May I ask if he cannot be appointed as Inspector of Vernacular Schools or even as Principal of the Training College in the same province, where men of lower qualifications belonging to the provincial service have been working?

**Mr. J. W. Bhore:** He is considered more suitable for the position which he holds.

**Nawab Sir Sahibzada Abdul Qaiyum:** What is the standard for judging a man's suitability for a particular work, is it educational qualifications or any physical suitability?

**Mr. J. W. Bhore:** If the Honourable Member will kindly put down his question, I will give him a complete reply to it.

## THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

### SECOND STAGE—*contd.*

#### *Expenditure from Revenue—contd.*

##### DEMAND NO. 1—RAILWAY BOARD—*contd.*

##### *Grievances of Subordinate Railway Employees—contd.*

**Mr. President:** The House will now resume consideration of the motion of Mr. Acharya that the Demand under the head " Railway Board " be reduced by one rupee.

**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): On a point of order, Sir, before I resume my speech. I see under Rule 47, Appendix 2, the debate on a particular Demand cannot be continued beyond two days . . . .

**Mr. President:** If the Honourable Member does not wish to continue he had better resume his seat.

**Mr. O. S. Ranga Iyer:** I do not know if that rule applies to-day.

**Mr. President:** Is it for the Honourable Member to raise that point? Will he resume his speech?

**The Honourable Sir Basil Blackett** (Finance Member): May I rise on that point of order. According to paragraph 155, Rule 46 (2), of the days allotted, not more than two days shall be allotted by the Governor General to the discussion of any one Demand. I do not know whether you would hold that the fact that we have discussed this Demand for two days would prohibit us from going on. I think it will be very much in the interests of the House that we should not as a rule discuss one Demand for more than two days.

**Mr. President:** The Honourable Member thinks that it will be very much in the interests of the House that it should not as a rule discuss one Demand for more than two days. The House is the best judge of its interests and not the Chair. The Rule mentioned by the Honourable Members has no application in this case. That rule gives power to the Governor General to allot two days for one grant. No such allotment has been made and the Assembly is therefore entitled to discuss the first Demand for all the four days allotted for the discussion of Demands ~~for~~ Grants. The Chair has no power to intervene.

**Mr. O. S. Ranga Iyer:** I thank you very much for your ruling. I am not at all surprised that the Government should have ventured to ~~burke~~ the discussion on the question of the discrimination between Indians and Europeans on the railway services. Sir, yesterday I dwelt on the grievances of the lower subordinate employees. I was very much concerned with the professor from Madras who did not seem to have so much concern for the lot of these poor employees. After having slept over my reply, he looks refreshingly fresh this morning and I believe he now agrees with me.

**The Revd. Dr. E. M. Macphail** (Madras: European): On what point?

**Mr. O. S. Ranga Iyer:** On the subject that the plight of the railway employees has no analogy whatever with the plight of the agricultural labourers and that the anti-Brahmin stuff of the Madras Presidency cannot be applied on an all-India scale and that there is not a majority of Brahmins among the all-India railway employees as well as the subordinates with whom I dealt yesterday. I am sure, Sir, he looks convinced and now I shall proceed with the grievances or rather the racial discrimination among the upper subordinates in the railway services. Even a cursory perusal of the documents in my hand will convince any one in the House that the Government ought to be ashamed of this racial discrimination. Perhaps they are, judging from the fact that they have attempted to conceal some facts. I shall presently prove to this House that they have made an attempt to conceal this fact of giving preference to Anglo-Indians. There is no classification so far as I can see of Anglo-Indians as such. They are put under "Other Classes" and under the category of "other classes" the Parsis and others are included. I wish they had given certain facts under the heading Anglo-Indians. Before dealing with that I shall deal with the statistics which they have supplied to us of the Upper Subordinate Staff drawing Rs. 250 on 12 State-managed Railways on the 31st March, for the years 1924 and 1925. They gave the following total numbers and the percentages:

Europeans and Anglo-Indians: 2,818, 2,786, *i.e.*, 38·06 per cent. and 37·62 per cent. respectively.

For 1924 the total is 5,604, *i.e.*, 75·68 per cent.

Muslims and Non-Muslims 216 and 1,584, total 7,404, percentages 2·92 and 21·40, respectively.

In 1925, for Europeans and Anglo-Indians it was 35·85 per cent. and 37·61 per cent. The total was 5,759, *i.e.*, 73·46.

The figures for Muslims and non-Muslims are 259 and 1,822. The percentages were 3·30 and 23·24.

The total for 1925 is 7,840.

These figures were admirably commented on by my friend Rai Bahadur Chandrika Prasad of Ajmere in his beautiful address at the Madras Trade Union Conference last year. I find, Sir, that the Government in nominating Members to this House have taken jolly good care not to nominate the only railway expert in India, who can open his fire of criticism here and make the position of Government very difficult. I am glad there is Mr. Joshi here so far as Labour is concerned.

I may summarise what Rai Bahadur Chandrika Prasad brought out. Europeans and Anglo-Indians, who were 11·42 per cent. among the total population of literates, I mean knowing English, held 75·68 per cent. of the appointments in 1924 and 73·46 per cent. of the appointments in 1925, whereas Muslims and non-Muslims, who were 88·57 per cent. in the same population of literates, had only 24·32 and 26·54 per cent. of these appointments. No further proof is necessary to demonstrate the racial discrimination practised against Indians by this benevolent Government, I shall not say "Anglo-foreign bureaucracy" and the still more benevolent railway administration.

Sir, this criticism of the President of the annual conference of the all-India Railway Federation held in Madras in January 1926, seems to have gone home because the presentation of figures this year has undergone some kind of alteration. They have changed the classification of service to conceal the figures and I cannot understand why the figures which appeared for nearly three quarters of a century against the Anglo-Indians and Europeans should have been concealed. We do not find that head this year at all because Mr. Acharya brought forward a motion that there should be an inquiry committee. If you ask for bread they will give you stones! Therefore, instead of giving a committee of inquiry they decided to present a confusing budget in which the Anglo-Indian population who are getting preferential treatment—it is all preference, the railway itself is a preference subject—should be concealed under the head "Other classes". According to the present classification, which my Honourable friends over there will find in page 99 of this red book the Report of the Railway Board according to the present qualification for the year 1925, there were 2,412 Europeans, that is to say, 38·8 per cent., and for 1926, Europeans 2,134, that is 26·1 per cent. Now while bringing Anglo-Indians under "other classes", they have divided Hindus and Muslims, who come under the head "Statutory Indians"—(Laughter)—Hindus 1,482 in 1925, that is 18·9 per cent., Anglo-Indians 38·8 per cent., more than double the Hindus: Muslims 239, that is 3 per cent. Are there less Muslims in India than Anglo-Indians or less Hindus? They are, both Hindus and Muslims, treated with uniform courtesy at least in this particular matter of racial discrimination! In 1926 the figures are 1,593, that is 19·5 per cent. for Hindus and for Muslims 247 that is 3 per cent.: other classes 3,689, that is 47·2 per cent. and 4,207 for 1926, that is 51·4 per cent. However, Sir, the above figures for 1925 do not tally with the figures that were shown in the previous report, but those are stated to be "revised figures." In the previous figures those shown merely as non-Muslims have been merged into the total of Anglo-Indians, so that the undue preference given to Anglo-Indians may not be noticed.

To make the figures clear the Railway Board should show separately the figures for each community included in the "other classes", which they do not at present show. I hope the Honourable the Commerce Member, who will not be here to compare the figures, in the future, and who

[Mr. C. S. Ranga Iyer.]

at any rate does not, I believe, like this kind of confusion, will issue instructions to his successor, though perhaps his successor will not be bound by his instructions. It is due to these tactics that the Railway Board have made themselves liable to the criticisms which I have levelled against them, and I am sure even the Honourable the Commerce Member cannot say that it was ungenerous criticism, because they were criticisms based on facts presented to us.

I wonder, Sir, why this partiality should be shown to the Anglo-Indians. I have nothing against the Anglo-Indians as a community. I do not mind in the least their getting what they are getting. That is not my grievance at all. I do not mind the Anglo-Indians getting even much better promotion and prospects, etc. But what I want is this, that Indians should be raised to their level immediately. It is far from my intention to pull down the Anglo-Indians. I know it is very difficult in these days to live for people who live in the style that Honourable Members on the other side would prescribe for others, not for themselves, the style which the Lee Commission would prescribe for the highly placed and not for those who are not so highly placed. (*An Honourable Member*: "Why should they prescribe at all?") I hear a voice, "Why should they prescribe at all?" But the prescription is there, and I want it to be uniform; I want that Indians should be granted the same kind of treatment. We have heard a lot of tall talk about equality. The Queen's proclamation, and each successive Viceroy has endorsed the principle of equality. But it is all verbal; it is all words. So far as the Queen's proclamation of equality, the "honour" of the Government stands "rooted in dishonour", "and faith unfaithful keeps them falsely true" to their professions.

Sir, the railway service is a vast service, perhaps even vaster than and as lucrative as the Indian Civil Service. The Government have been trying to keep this railway service a close corporation; as the day before yesterday's discussion on the Railway Board showed, they are unwilling to admit an Indian to the Railway Board, whereas Indians have been admitted already even to the Governor General's Executive Council. Now, Sir, that policy of discrimination is not only confined to the top. It also extends to the upper subordinates. This policy must be given up if the Government want to be as good as they pretend to be. Statistics which I can place before you show that 75 per cent. of the gazetted appointments are held by Europeans.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): May I rise to a point of order.

**Mr. President**: The Honourable Member can only refer to racial discrimination among railway employees. He is not entitled to roam over the whole field of racial discrimination in all the services.

**The Honourable Sir Charles Innes**: I rise to a point of order. This motion deals with the grievances of subordinate railway employees, not the railway officers.

**Mr. C. S. Ranga Iyer**: I quite agree with the Commerce Member, but there are two classes of subordinates, upper and lower subordinates. I dealt yesterday with the lower subordinates; I am now dealing with the upper subordinates. (*Laughter*.) I quite agree with your ruling, Sir, and I



submit to it. I was only referring to the statistics in regard to the railway. Those statistics show that 75 per cent. of the gazetted appointments and 74 per cent. of the upper subordinates appointments are held by Europeans and Anglo-Indians, while 25 and 26 per cent., respectively, are held by pure Indians, including Hindus, Muslims, Sikhs and Parsis. The Hindus, Muslims, Sikhs and Parsis have not got their due share in the railway service on the population basis. The details of the gazetted officers on State Railways on the 31st March, 1926, are given as follows:

Europeans 1,509 or 73·4 per cent. ;  
 Statutory Indians, Hindus 294 or 14·3 per cent.,  
 Muslims 56 or 2·7 per cent.,  
 Other classes 190 or 9·6 per cent. ;  
 total 540 or 26·6 per cent.

Sir, these are some of the grievances. There are many more grievances and many things have not been placed before us. The most proper thing to do is to appoint a committee of inquiry. But when a Resolution of this House is passed, the Resolution, as you picturesquely put it before your elevation to your present place, is consigned to "the waste-paper basket". I do not think, Sir, the Resolution relating to the removal of grievances and the appointment of an inquiry committee is a Resolution which should have been consigned to your waste-paper basket. I hope the Honourable the Commerce Member, before he leaves these shores, will earn the gratitude of the railway employees by appointing this commission of inquiry. Sir, the profits of the railways ought to go to the amelioration of the condition of the people who run the railways. Therefore, Sir, I hope he will meet this point, not by argument and explanation and excuses and pretensions, but by an actual gesture of conciliation, namely, by a promise to appoint a commission of inquiry.

**Several Honourable Members:** I move that the question be now put.

**Sir George Paddison** (Madras: Nominated Official): Sir, I do not propose to follow Mr. Ranga Iyer in his disquisition on the racial question. (*Honourable Members:* "Speak up, please." (*Sir Hari Singh Gour:* "We can not hear.") I am sorry. This is my first attempt, and I cannot tell how far my voice will carry. What I was going to say was that I do not propose to follow Mr. Ranga Iyer into the question of racial discrimination. It is a question of which I know little and which I am not competent to deal with. What I would wish to speak about is the question of the poorer labourers with whom I have had to deal intimately for the last 8 or 9 years. I have been concerned specially with the labouring classes in the Madras Presidency, and wherever there was a dispute or the likelihood of a dispute, it has been my duty to try and prevent that dispute, and if one has actually broken out, I have had to keep a watching brief on behalf of the Government, so that I do not say that I have any wisdom—I am not so foolish as to claim that, but I do say that I have a considerable knowledge of the trend of feeling and the difficulties that occur in matters of this sort. Now the first difficulty that I find is to get the employers—I am not speaking of railway men for a moment, Mr. President—to get the employers and the men to meet and to know each other a little better than they do. That is the cause of many disputes. The men are illiterate, as Mr. Joshi says, it may be

[Sir George Paddison.]

our fault, the fault of the Anglo-foreign bureaucracy of which I am one—but the fact remains that the greater part of the poorer labourers are illiterate and have got in consequence no very great power of expression: so that whenever I have had to deal with these things, the first thing I have tried to do was to bring the employer and the employee together and try to find out exactly what is wanted on the other side. Now it seems perhaps that I am arguing in favour of this motion. I am not. I am arguing directly against it because, in order to bring people together and to find out what they want, the worst thing perhaps I can think of is to discuss the dispute on the floor of this House where all sorts of allegations are flying about on both sides, which are telegraphed all over the country and which arouse the anger of the people on each side and make them more stubborn and thus prevent them from coming together. But the point that I wish to make is that nothing is worse to my mind than to have a general inquiry into a general grievance, for a roving Commission, as I understand the proposal of the gentleman opposite, to go round the country-side calling upon everyone to put forward or to prepare grievances will not bring forward the real grievances which the men themselves feel. Over and over again have I seen and heard and read long strings of grievances—like the one which I did not hear yesterday because I was suffering from a slight defect of hearing for the moment, and I did not hear the speech of Maulvi Muhammad Yakub describing the grievances of a particular lot of men, the long and detailed account of the things with which they would not be satisfied. Now if you have your inquiry of that sort, all those long lists will be brought up before you, and if the men have at the back of their minds some particular point, you will not very likely get at that point at all. I do not think I speak in the interests of the men themselves and I have studied their interests for a long time—I do not think that this inquiry which is suggested would really benefit the men. It would accentuate differences, it would exacerbate feelings, and very likely at the end of it all, the men would be so embittered after the high hopes that had been raised by speeches of gentlemen in this House and outside of it, they would be so embittered that the relations between employers and employees, which are what we want to better if we can, would become very much worse. It may be said that there are grievances. I am not saying that there are no grievances. I do not know. It may be said that there are grievances, and how, if you say this public inquiry is not started, do you propose to get them remedied? Well, one thing, one clear thing, that is coming now is that the Trade Unions Act is for the first time coming into force in this country; and certainly down in my own Presidency the men are eagerly looking forward to the time when their Unions which are now apt to be disorganized will be better organized and they themselves will have a finer organization and will be able to get into touch, better touch, closer touch, with the employers. The second thing I would urge upon employers here specially is that every man—I do not know much of railways but it is the most important thing of all, every man who is in charge of a very large body of men should know his men and know thoroughly and intimately the language with which they have to deal. (Hear, hear.) This is a point that over and over again I have seen personally. I have found it—of course in Madras it is very difficult because we have so many languages there; there is one station in which water is sold in five different

languages, "*Jalam*," "*Pani*," "*Neelu*," "*Thanni*," "*water*" (Laughter)—very difficult in Madras. But it is not so difficult in other parts of India, and I do think, that, however great the difficulty is, you must know your languages and know your men—not at large meetings with a reporter sitting round the table and everything else—to get to know exactly what the real trouble is and where the shoe is pinching. Sir, I have one word more to say, and I want to say it very briefly, and that is about the condition of the agricultural labourer. We perhaps are in a position worse in Madras than elsewhere, I hope that is so, but I cannot, having represented on the Madras Legislative Council and in my daily work the depressed classes for several years, let the assertion go by that the agricultural labourer has a security of tenure, is able to get land, and is relatively equally paid with the men on the railways and works. This is not so. I do not want to go into details. I am very anxious, not to, we do not want to wash our dirty linen in public, but I cannot help protesting against any suggestion, especially from men like Mr. Ranga Iyer who I fear has deserted the Presidency which I am proud to represent at the moment—I cannot allow him to suggest to us on the floor of this House that the agricultural labourer in Madras has a better time than the industrial man. To sum up, then, Sir, I would ask all—apart from party politics and apart from local and temporary triumph for the Government,—I would ask all who are interested in the lot of the labourer, to see that this motion is not carried. It would arouse all sorts of hopes that no man can live on less than Rs. 25 a month and that the proportion between his pay, my pay or other people's pay will be enormously enhanced, and in my opinion it will do no good whatever. It is not the way to deal with this difficult problem and I say that with very great and lengthy experience on this and cognate matters.

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, in addressing this House I have never before felt such difficulty as to what status I really do occupy in it. I have, however, no difficulty in my mind on the motion for I rise to support it. When I became a Member of this House I entered it as the nominated representative of the Anglo-Indian community. When I defend my communal needs for occupational purposes such as railway employees I look upon myself and them as statutory natives of India, although, I understand, Mr. Neogy, the other day, objected to this. Sir, whatever I am I have a duty to perform to my community, the same as those on the opposite Benches have to theirs and all I desire of them is to let me perform my duty to the best of my ability, the same as I am prepared to let them do. Perhaps you are not familiar with the fact that it was in 1870 the British Parliament passed a Statute which gave to the Anglo-Indian Community the status of statutory natives of India. I was not consulted then for I was not born; but had I been consulted I should have certainly refused that status. But, Sir, I accept it as my economic saviour and in seizing it with both hands I am trying to do my best. Uncertain as I am, my position, I fear, has been made somewhat more complex—almost alarming by my friend Mr. Jamnadas Mehta, who I am sorry to see is not here. When talking on the general discussion on the Railway Budget he referred to me as a sort of an animal someway between a bird and a beast. I know one of Mr. Jampadas's hobbies is that he dabbles in finance, but, I did not know that hybridisation between birds and beasts was another pastime. He advised my friend Mr. Hayman that if he wanted to get on in this world he should

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avoid that man, Colonel Gidney. I have no doubt Mr. Jamnadas was looking at a mirror outlining his own reflection. I also should like to give Mr. Hayman a little piece of advice, regarding Mr. Jamnadas and it is this :

"When the Currency Bill comes and uncertain is your view,  
'Tween one and four and six which ratio to pursue  
Take Mr. Jamnadas' advice and what'er he advise  
Do just the very opposite and you're sure to do wise."

**Mr. President:** Order, order. I want the Honourable Member to come to the point.

**Lieut.-Colonel H. A. J. Gidney:** I will, Sir.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Can a Member speak in verse, Sir?

**Lieut.-Colonel H. A. J. Gidney:** Sir, after having dealt with Mr. Jamnadas, I now come to the question under discussion. This question of railway grievances is a hardy annual. It has been before this House, as far as I remember, for the past 2 years, and on each occasion I have walked with my friends on the opposite side into the lobby and voted against Government. I did this because as a representative of skilled labourers who have played a very important part in the Railway Administration of India and which my Honourable friends on the opposite side seem apt to forget. I felt that they suffered from many unjust grievances. Our Resolution for this Enquiry Committee has been refused by the Honourable Member on two separate occasions, this is the third time that this House is to cast its vote and to raise its voice in protest about the grievances of our railway employees. In my judgment the points at issue are two. The first is this. Are there any grievances and are they genuine, and are they so widespread and serious as to command the serious attention of this House? If they are, the second question arises, namely, what steps have been taken by Government and have such steps proved adequate? If not, what further steps should be taken by this House? Personally I am in the happy position in my public life of being in touch with those of my community employed on the Railways almost throughout India and Burma. A large number of grievances are sent to me. Most of them come from the undesirable employee and are puerile or not genuine. Some are sadly genuine. I however make bold to state on the floor of this House—and I state it with an acute sense of responsibility—that there are certainly grievances in the Railway administration of this country and these grievances exist in every community, in every department and in every grade, including the official grade. Now, Sir, what are these grievances? I have no desire to detail them. I only want to refer to a few of the most important and my first and most important is the service agreement or bond and its attendant insecurity of service. In this service bond,—I would prefer to call it a bond of slavery—it is stated that the service of an employee is of a temporary nature which means that even after 15, or 20 or 30 years of service he is still a temporary servant. This is not all. It states that one's service is terminable with one month's notice or one month's pay in lieu of notice. I can hear my business friends saying "But that is nothing unusual. One's servant can be dismissed without giving him a reason or even a defence if such terms have been arranged." It is world-wide, as my friend Mr. Cocke says. But, I ask, does this service bond exist in any other department of the Government? If it does not

then why should it exist and be confined to the Railway Department? I of course speak subject to correction. (*An Honourable Member*: "The Railway is a business concern.") No, Sir! not the State Railways. I will go further and say that even our red-coated chaprassis, who are never to be seen in this House when wanted, are not subject to such terms of service. Why should this exist only on the Railways? Now, Sir, as a matter of practical fact railway men do not seriously object to this term of agreement. What they do object to is that this service bond and its term of agreement is not being properly used. It is at times misused. It is used as a lever to suit the operator's own desires or as a cloak to cover up illegal and irregular acts done by the junior officials which they could not have done except for this term of agreement. It means this, that so far as this service bond is concerned there is a very thin tissue paper dividing discharge from dismissal. Now, the dismissal of a servant entails the observation of certain formulæ; in a discharge this is not needed, because the terms of agreement state that a man can be discharged whenever the employer chooses to do so and if necessary without giving him a reason. I levelled no such charges against the Railway Board, or the Honourable the Chief Commissioner of Railways. They are too busy men to think about these matters. I would even exonerate Railway Agents, for they too are very busy men. It is the junior officer, it is that man, who is devoid of the human element and sympathy, who makes use of this bond for his own purposes. You can imagine the atmosphere in which some young junior officers are working. His word and his orders are everything in his little station and must not be questioned. If they are, he often exercises this power to the fullest extent unmindful of what the results will be to the subordinates. I realise, Sir, that this is a serious indictment to make against the railway official, but, Sir, I am glad to say that this is not a common practice and is resorted to by a few officers only. But why should any officer have this power, and why should that officer be only a railway officer? But perhaps this House wants proofs. Well, I can give it proofs. I have no desire to wash dirty linen in public. But, when there are grievances, when these grievances have been brought to the notice of officials and when they have not been remedied, then one has no alternative but to publicly proclaim them. I desire to refer to just a few cases, and so, with your permission, Sir, I shall refer to three Anglo-Indians and two Indians who were dismissed from the East Indian Railway because of their connection with the cotton waste scandal case in Howrah and about 12 Noon. whom I recently asked some questions in this House. I have already given the details and shall not repeat them.

Here we have a case of five men who acted under the orders of their superior officer, the Controller of Stores. One of these five men was acting as Stores Superintendent Howrah, and was charged with having violated a certain old established practice and thereby causing serious losses to the Railway. On examination it was however proved that instead of having caused losses there was an excess. It is also on official record that he acted under the direct orders of his superior officer. In reply to his defence submitted to the Agent he was told without any further enquiry that he was summarily dismissed and he was deprived of his bonus and gratuity amounting to about Rs. 12,000. The other four men were likewise summarily dismissed and also deprived of their bonus and gratuity. It is immaterial to me whether these men were felons or not. What I submit is that no man should be dismissed without being given a full and proper trial. This has been denied to these five men, and why?

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Let me quote another case of a man named Conroy, who held the important appointment of Loco Foreman on the Great Indian Peninsula Railway. On examination of the coal under his control an excess was found. He was discharged summarily by the Chief Transportation Superintendent, Bombay, and deprived of his gratuity of Rs. 8,000, given an unfavourable discharge certificate and he and his wife and children are walking the streets to-day. That man with 25 years' good service to his credit, appealed to his immediate superior officer, the Deputy Transportation Superintendent, who said he could not hold out any hope to him. He appealed to his next superior officer, who declined to investigate the matter. He next appealed to the Agent, who replied: "your right of appeal is to the Chief Transportation Superintendent only". He next appealed to the Railway Board, who turned his appeal down and said it was outside their province and referred him to the Agent or the Transportation Superintendent.

I give another case of an Indian driver who received an injury to his eye. The doctor who examined him said he would be quite fit in a few days' time. He lost the sight of his right eye, and the doctor said that there was a likelihood of the other eye being similarly affected. He was taken before his departmental officer who told him that unless he had his eye taken out by a certain date he would be either discharged or dismissed. He came to me, I operated on him, and he is still on the railway. That man's services would have been done away with unless he submitted to an unnecessary surgical operation. Was this a correct exercise of power by this officer?

There are other cases in which men are made to work long hours, 10 to 16 hours, and should they in their exhaustion take a rest or sign sick they are classed as "rotters" and "wasters" and are dismissed or discharged as "undesirable" or "unprofitable employees". I say it is this lack of human sympathy with the employees from which the junior officer suffers. He comes to this country ignorant of its ways, manners and customs and has to rely largely on his upper subordinates whose opinions he usually upholds and so occupies the position of both accuser and judge of the employee. I can mention many cases in which men have in this way been summarily discharged. I ask if this is how the service bond is being abused, what are the Government rules protecting the employees and controlling employment on railways? I am not sure of these rules, but I did ask the Honourable Member in one of my recent questions whether Rule 14 of the Home Department, dated June 1924, operated on railway employees. He said it only operated in Provincial Governments, not Central. If this is so, I should like to know what rules do operate to control or determine security of railway service? Surely there are rules which protect these men from being summarily dismissed and discharged without any defence or trial? I again ask, are there any rules to protect these men? I believe that the rules controlling railway subordinates are the following and I should like to be corrected if I am wrong:

"That before a Government servant, other than a menial servant, is reduced, removed or dismissed, the charge against him, his defence and the order thereon shall be committed to writing: he shall be allowed an opportunity of cross-examining witnesses against him and of producing witnesses on his own behalf.

If reduced, removed or dismissed, he shall be furnished with a copy of the documents showing the grounds on which his reduction, removal or dismissal was ordered.

In the event of the reduced, removed or dismissed servant appealing, these documents, together with his character roll or service book, if any, shall 'be forwarded with the memorandum of appeal.'

The orders further direct that no servant shall be removed or dismissed otherwise than on proof of dishonesty or of repeated neglect or disobedience of orders or of continued inefficiency or of any other circumstances by reason of which the officer or authority concerned is of opinion that the retention in service would be detrimental to the efficient administration of the service."

If these are the rules—and I speak subject to correction—I ask why any railway officer has the power or is permitted to ignore them. Quite a different set of rules operate on the British railways. The British Railway Unions and the railway officials, in the course of recent negotiations at the National Wages Board, decided on the following agreement between employees and employer:

"Men charged with misconduct, neglect of duty, or other breaches of discipline will be permitted to state their defence, to call witnesses, and to advance any extenuating circumstances before their officers, prior to a final decision being arrived at. At such interview the man may be accompanied by an advocate. In all cases a man shall be informed in writing of the nature of his offence and the punishment it is proposed to inflict. Where doubts arise, or where serious results to men are likely to follow, the cases should be placed before the higher officials of the Company. Appeals after punishment lead to a difficult position, and the necessity for them should be avoided. If after such investigation of a charge against an employee, he is adjudged guilty and is to be punished for the offence, he shall have the right of appeal to a superior officer for a reconsideration of his case, provided that such right of appeal shall not extend to cases of a trivial character. Any such appeal must be made in writing within seven days. If the employee so desires, he may be heard in person, and, in that case also, he may be accompanied at the interview with the superior officer by a spokesman, who may be either a fellow-workman or a representative nominated by the man's Trade Union."

Now, Sir, that is the position in England. Let this House draw its own comparisons and conclusions from the cases I have just detailed. I hope I have proved to the House that insecurity of service does certainly exist on the railways, because no rules are being observed to protect the interests of these employees.

Sir, I again repeat in these cases where protection is not given to these subordinate employees, it is not the fault of the Honourable Member. It is the junior officer who is mostly to blame. For it is seldom his opinion is upset and so it amounts to a question of *suppressio veri and suggestio falsi*.

The Honourable Member told us yesterday that he held the Agents responsible to him and his Government for the proper discharge of their duties. Have the Agents shown to him that they have been truly and adequately responsible in such cases? I submit that they have not. They are too busy men to find time for such details. The only time they seem to interfere is when a strike is declared and then it is usually too late.

There is the question of increased or "sweat" labour due to longer hours of work. If these men refuse work, the Loco. Foreman has his knife into them and report them on the slightest provocation and the man is fined or his increment delayed, etc. If the driver appeals to his official he at times gets no hearing or justice. I should like to know how would this junior railway officer, or how would any member of the Railway Board act if they were similarly treated and yet they allow their men to be treated in this manner—left to the tender mercies of even the Loco. Foreman.

Another grievance is that of double punishments. The worst criminal is punished only once for a crime; whereas on some railways, the Great Indian Peninsula, for instance, its servants are punished twice for the same

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crime. There are several cases in which men after having been dismissed by the Great Indian Peninsula Railway have been handed over to the police who in turn punish them again.

Then, Sir, there is the question of the retention of the Local Traffic Service on the East Indian Railway, which utilises the services of subordinates in *quasi* official capacities although the Secretary of State for India abolished it in 1922. The next grievance is the employment for years of subordinates as officiating officials. On the Great Indian Peninsula Railway I understand that nearly 75 per cent. of the official and sub-official appointments are held by subordinates who have been kept on officiating for years. Why should these officiating subordinates be sweated at lower rates of pay? Is this a means by which the Agents effect economies and so effect retrenchments in the lower grades? Why should these men, good and true subordinates, be held as the officials sacrifice on the altar of economy to enable the Agent to show to this House that his railway has been able to effect retrenchments and economy? It is interesting to note that a saving of Rs. 10 lakhs is anticipated in 1926-27 on the administration of the railways. I feel sure that some of this money will be obtained in this manner. I call this absolutely dishonest economy. I submit it is not right to use your subordinates in this way. They should be given the same opportunities of advancement as the imported officials. Sir, there is another question I desire to touch upon. I suppose my Honourable friends on the other side will say that only they are entitled to any complaints in regard to Indianisation. Whether I look upon myself as a statutory native of India or as belonging to "other classes", a new category in this year's budget, I wish to place before this House the fact that Indianisation as it is practised on the Railways does affect men who are born in and belong to this country, I refer to the Anglo-Indians and the Domiciled Community. This operates more on certain railways than on others, particularly on the Bombay, Baroda and Central India Railway. In the Ajmere Workshops you will find British preference markedly observed; you will find that most of the foremen are Europeans, covenanted or recruited in this country. I say this is not right. It is not the fault of the officer in charge of these workshops, for the Agent of that Railway entered into an agreement with the Government of India, as other railways have done, in regard to Indianisation, and if the Agent of this Railway does not adhere to his promise of Indianising these appointments, he is guilty of a breach of trust. This is a serious grievance of the Anglo-Indian and Domiciled European employees in this workshop and requires remedying. In the question of Indianisation as one of their grievances, I have no doubt that my friends on the other side of the House look upon the Anglo-Indian Railway employee, as an eyesore and an irritant. I am not surprised if they do. But, I ask, since when have the other side or Indians evinced an interest in and a desire for employment on the railways? You must admit this has been a post-reform desire, but all these years who have driven you thousands of miles as you sat comfortably in your railway carriages? It was the Anglo-Indian engine driver and guard. I do not say this with any desire to irritate you, I say it because it is an undeniable fact and that it was the Anglo-Indians who laid the first sleepers of the railways of this country, and who have rendered such splendid service to India and its Railways. But you, my countrymen, your demands to-day are unreasonable and unfair, for you want to replace this tried, trusted and experienced



Railway servant before you are adequately trained. Again why wish to replace him until he has done his work and retires when you can jump into his shoes? Why not let him enjoy the fruits of his experience and labour until his time comes to go? Personally I am persuading my people not to enter the railways and, believe me, you will preach the same in time to come because the moment you join the railways you become an automaton. Of course I do not include my friends on the official Benches there. But I say it is not right for Members on the opposite side of the House to make so little of the services that have been rendered to Indian Railways by my community. I quite realise their viewpoints and their desire to secure employment on the Railways and so replace the Anglo-Indian, but do it fairly and properly and let the best man win. Surely this is not the way you are going to treat a minority community when you are in power. As statutory natives of India we are entitled to equal treatment.

**Mr. President:** Will the Honourable Member address the Chair?

**Lieut.-Colonel H. A. J. Gidney:** If this is the way you intend to treat minority communities, then I consider it is not just nor right. I however agree with you that the time has come for us to take up this question of grievances for your interests are the same as mine, but I do not think it is right for you to overlook or to undervalue the railway services of the Anglo-Indian community in the way you are doing to-day. The main question now is how can we remedy these grievances? The remedy, as we have resolved on two separate occasions, is the formation of a Railway Committee to investigate the grievances of the railway servants. I submit that is the only remedy, although my Honourable friend Sir George Paddison was dead against it. I however support it. I know the Honourable Member objects to this. Indeed in his reply last year he said "the Government of India are not in agreement with the motion and they do not therefore propose to initiate the inquiry suggested." He "would draw the attention of the railway authorities to the debate on the motion and on the Budget" and he had "no doubt that any genuine grievances would be remedied by the railway administration concerned", and he thought "the railway Agents were competent to dispose of such cases." That was two years ago. Does the evidence we have heard in this House to-day satisfy us that the Agents have remedied these grievances? Are these grievances still with us or not or have they even been ameliorated? If they still exist, we should again press for a committee to be appointed. The House, when it votes to-day, and I hope the Mover will take this to a division, will, I feel sure, vote for the formation of this committee. The Honourable Member says, that such an enquiry is not necessary, that the railway Agents and the Railway Board are quite capable of dealing with these grievances. Now, what happens when a man does appeal to the Railway Board? The Honourable Member himself admitted in reply to a recent question of mine that the procedure he adopts is to write to the Agent of the Railway for his opinion. I ask, of what use is the opinion of that Agent? He has already expressed his opinion and he is not the superman to change his opinion; he will adhere to his opinion, and the Railway Board in reply to its letter receives nothing else but a repetition of this opinion. What use is this to the man who has appealed? No use whatever. And so he gets that stereotyped reply, "the Railway Board regrets it cannot interfere with the action taken by the Agent." Now, Sir, the Honourable Member also fears, and he was supported in

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this by the last speaker, Sir George Paddison, that if a Railway Committee were appointed to investigate these grievances, it might result in the spread of disorder, discontent, unrest and all sorts of lamentable sequel. Why should the Honourable Member be apprehensive of this so far as the Railways alone are concerned? There have been other committees appointed to inquire into the grievances of the Telegraph Department, the Postal Department, the Police, the Customs and the I. C. S. The last Lee Commission was nothing else but an inquiry into the grievances of the I. C. S. Did these result in any strikes? Did unrest spread? Did anything untoward happen? Sir, this is a lame excuse to bring forward. One might equally say that Government is afraid lest such a Committee exposes the misdeeds of and irregularities of some of the railway officials. I support this motion and I urge the Honourable Member in his desire and anxiety to swell the railway finances and improve the returns from the railways, to give greater consideration to the needs of his humble workers for it is due to their collective labour that he has been able to present such favourable budgets during the five years' tenure of office. Representing, as I do, about 12,000 of my people who are employed on Indian Railways, I say emphatically to this Honourable House that the time has come when there must be an inquiry into the grievances of the railway servants. There must be some appellate body to which genuine cases of grievances can be sent for revision and justice administered to our railway servants. With these words, Sir, I support the motion.

**Mr. T. C. Goswami** (Calcutta Suburbs: Non-Muhammadian Urban): Sir, I propose to confine myself within the strictest economy of words, on this point. In fact I just want to mention one thing. I believe, Mr. President, I am right in thinking that the unanimity between the Chair and the Government side of the House in the matter of the Kharagpur strike is only with regard to the bayoneting and the use of the buck shot. But I submit, that any reference to the grievances of the Bengal-Nagpur Railway employees is not necessarily out of order. As a matter of fact, the grievances of the Bengal-Nagpur Railway employees have been very definitely formulated, and I have got papers here, and other Honourable Members, similarly, have got papers. As I said on a previous occasion, I do not want the Government now and on the floor of the House to commit themselves to a statement, either that they accept the grievances as genuine or that they deny that the grievances do exist. All I pressed for on the last occasion was an inquiry, and that is what the Bengal-Nagpur Railway Union, which is a recognised union, has been pressing for. I should have thought that was a modest, legitimate demand. The thing I wanted to mention here is the phenomenon that the Agent of the Bengal Nagpur Railway, at least during the earlier part of the strike when I had occasion to visit Kharagpur, had shut himself up in his Calcutta office, and, that all the notices regarding the strike were being signed by "T. R. Wynne, on behalf of the Railway administration." Now, there is a queer look about it, and further this Sir T. R. Wynne, Managing Director of the Bengal Nagpur Railway, I understand, comes to hibernate in this country for a month or two in the year. Now, Sir, my point is this. Whenever we ask searching questions about the Railway administrations the Government always tell us, "Look here we have got the Agent, the man on the spot, and we have got to rely on him." In this case, I have reason to believe—Sir, I state definitely that I have reason to believe—that the Agent was

mind to do the right thing; and the matter in which Government, I understand, has claimed credit is a matter which is due to the action of the Agent with regard to a particular employee who had been transferred unjustly and fined; though the order of the Agent cancelling the transfer and the fine was disregarded by a subordinate officer. The Agent's order mitigating the injustice done to this particular employee was actually shelved, and it was allowed to be shelved, I understand, by the Managing Director of the Bengal Nagpur Railway.

**The Honourable Sir Charles Innes:** May I know, Sir, whether the Honourable Member is referring to the order cancelling the fine or whether he is referring to the transfer?

**Mr. T. O. Goswami:** I am referring to the fine also.

**The Honourable Sir Charles Innes:** The fine was never collected and the order imposing it was cancelled.

**Mr. T. O. Goswami:** The aggrieved party was never informed that his fine had been cancelled.

**The Honourable Sir Charles Innes:** Oh yes, he was.

**Mr. T. O. Goswami:** Not till much later.

**The Honourable Sir Charles Innes:** On the same day.

**Mr. T. O. Goswami:** Not till after the strike had been declared. Take it from me. Now, Sir, it is a very notorious fact and it is being felt, at any rate on the Calcutta side of the country, that the Agent is not being allowed to discharge his duties. We have reason to believe that the Agent, if he had been left free, would have acted in the right manner and a very serious strike, involving, on Government's own admission, more than 25,000 men, would have been averted, or that, at any rate, an early settlement of the strike would have been effected. Sir, I expect a clear reply from Government.

And further, Sir, before I sit down I still urge that a committee of enquiry is by no means too late. I agree with Sir George Paddison when he says that the great difficulty in these disputes is to bring the employers and employees together. But in this case it is very easy for the administration to get into touch with the men, through the efficient Union which exists and which, as I said before, has been recognised by the Railway authorities.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Sir, I fully realise that the House at this stage is certainly tired of hearing speeches on this subject. (*Cries of "No, no."*) I am glad to hear there are at least some Members who are not yet tired; but, Sir, considering the importance of this subject which affects 700,000 railway employees, I have decided to inflict a speech on this House even if it is an infliction. Sir, the grievances of the railway employees are innumerable and they cannot be sufficiently described in a short speech but I assure you, Sir, I do not wish to make a very long speech. I shall describe those grievances as briefly as I can. Some of those grievances are common to all employees of railways and some are special grievances. I shall first very briefly deal with those grievances which are common to the employees on all lines. First among them is the grievance about racial discrimination. Several speakers have spoken on this subject and I know, Sir, every year the Honourable the Commerce

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Member gives a stereotyped reply. But, Sir, the Honourable the Commerce Member cannot deny that there is racial discrimination in the treatment of the subordinate employees of the Indian railways. It is true the Honourable the Commerce Member is trying to put a cloak over this racial discrimination. He is not anxious to remove racial discrimination but he is making an attempt to conceal it so that it may not be seen. What he is doing is that in each class of railway workers he is dividing them into several grades—first grade, second grade, third grade, fourth grade. The upper grades will be practically reserved for Europeans and Anglo-Indians, the lower grades for Indians. Not that they will be reserved in so many words, but Indians will not be appointed to the upper grades, while Europeans and Anglo-Indians will be appointed to the higher grades all at once. Now, Sir, the Honourable the Commerce Member the other day said that as a Briton and a Scot he is very jealous of his honesty and good faith. Sir, I challenge him to-day to lay his hand on his heart and say whether there is no racial discrimination on Indian railways. Sir, this racial discrimination is not only confined to pay. Racial discrimination exists as regards the leave rules. Racial discrimination exists as regards the issue of passes. An Anglo-Indian or European employee, whatever may be his salary, gets a second class pass; but an Indian—I am leaving aside the statutory Indian for the present—if he gets a salary of Rs. 50 will be entitled only to a pass for the intermediate class. I ask the Honourable the Commerce Member to make enquiries and find out whether such racial discrimination exists or not. Then, Sir, there is racial discrimination in the case of education. The railways find money for the education of European and Anglo-Indian boys but the railways have hardly any money for the education of Indian boys. The same racial discrimination is to be seen as regards quarters. One type of quarters is constructed for Europeans and Anglo-Indians and a smaller class of quarters constructed for Indian employees. Not only that, but I read the other day that in the case of the Madras and Southern Mahratta Railway employees they make distinctions even as regards the provision of clothes. Sir, in the case of these employees, racial discrimination does exist and if Government say it does not exist, may I make one suggestion to them—that the appointment of railway employees should be handed over to the Public Services Commission even in the case of the subordinate employees. If the Honourable the Commerce Member will agree that all appointments on the railways will be made on merit only and will be made through the agency of the Public Services Commission, Sir, I shall be satisfied. But I am quite sure the Honourable the Commerce Member will not hand over the appointment of subordinate employees to the Public Services Commission. The Public Services Commission is meant only for the higher services. I remember the Honourable the Commerce Member once justified his conduct and the conduct of his department in making racial distinctions at least in the case of Anglo-Indians on the ground that Anglo-Indians have inherited railway experience. Sir, I have known the Honourable the Commerce Member to be a good administrator but I only recently heard that he had also studied biology (*The Honourable Sir Charles Innes*: "Psychology") and eugenics. Sir, the Anglo-Indian may or may not have inherited experience of railways. The Honourable the Commerce Member is on very doubtful ground when he says that railway experience can be inherited. I hope, Sir, he will not plead these excuses for making racial distinctions in the case of Anglo-Indians and Indians. I assure my Honourable friend Colonel Gidney that I have absolutely no grudge against the Anglo-Indian.

I am quite willing that Anglo-Indians should retain all the privileges which they are enjoying to-day. My demand is that these privileges should also be given to the Indian employees.

Now, Sir, the second grievance of the employees of the Indian railways is that about insecurity. There are more frequent dismissals on the railways than anywhere else. Not only that, but there is hardly any appeal against these dismissals. I am quite aware that the rules may provide that any dismissed employee of the railway may appeal to the Railway Board or even to the Government of India and that he has also a nominal right of appeal to the Secretary of State for India. But, Sir, it will be a very good thing if the Honourable the Commerce Member can tell us how many appeals were received by him. In the first place, the Agents refuse to forward the appeals; and if the Agents forward the appeals, the Railway Board does not consider them; and if the Railway Board does not give justice the Railway Board also will not in most cases forward the appeals to the Secretary of State, if the employee cares to appeal to the Secretary of State.

This, Sir, is not the only grievance. As my Honourable friend Colonel Gidney has mentioned, the whole of the railway service is considered to be temporary service. Every railway employee has to give an agreement binding himself to those conditions of service. I do not know why the railway employee alone should be asked of all the Government employees to sign an agreement of this kind.

Then, Sir, the insecurity of service is also the result of the policy of indiscriminate retrenchment on railways. If the attempt at retrenchment is genuine I do not make any complaint; but the retrenchment is only in name. What happens on most occasions on railways is that a large number of people are sent away on the ground of retrenchment and immediately their places are taken by fresh men, perhaps on smaller wages. Sir, this is what is called retrenchment on Indian railways.

Then, Sir, there is the question of the daily-rated men on railways. On railways there are some people who are called monthly-rated people and some who are called daily-rated people. Of course we must leave aside the covenanted men whose service is permanent and who want compensation if their job is retrenched. In the case of the daily-rated men their difficulties are many. Not only is there insecurity of service every day of their life, but they are not given the same privileges as regards leave, gratuity and provident fund as are given to monthly-rated men. I find it difficult to understand why the railway authorities in India should treat in this way people who serve them for ten and fifteen and twenty years as daily-rated men. The only object, to my mind, of the railway authorities is to save money by not giving them leave, gratuity or provident fund on the same conditions on which these concessions are given to the monthly-rated employees. I hope, Sir, the Government of India will consider the position of the daily-rated men very seriously; their number is not small; they are not kept at the daily-rate because they are temporary men—these daily-rated men have served on the railways for ten, fifteen or twenty years some times, and I cannot understand why they should be considered as daily-rated men.

Then, Sir, there is the question of the hours of work. Fortunately the hours of work in workshops are not very long. But in the case of the running staff and the station staff the hours of work are very long indeed. The station staff has to work for twelve hours a day, and the running staff

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has to work ten hours and even twelve hours (*An Honourable Member*: "Sixteen hours.") and even sixteen hours a day; they do not get sufficient rest between two periods of work. Now, Sir, I would like the Government of India to consider this question of the hours of work of the railway employees.

Then, Sir, there is the grievance about fines. There is no service, there is no department of the Government of India where fines are levied with such levity and with such frequency as on the railways; so much so that the railways have built up a large fines fund. Now, Sir, the Government of India several times give us statistics as to how many Muhammadans are appointed in a certain department or how many Hindus occupy places in a particular department. I would like the Government of India to extend their communalistic spirit to this fines fund and give us statistics as to the amount of fines collected from Europeans, Anglo-Indians and Indians; and not only that; but it will be interesting for this House to know how that fines fund is utilised. Sir, poor Indian employees are made to pay fines and most of the fund is spent for the benefit of the European and Anglo-Indian staff. It is true that out of the fund a small amount may be spent on the Indian institutes or for the benefit of the Indian employees, but if the Government of India will take the trouble of finding out how much of this amount is spent for Indians and how much is spent for Anglo-Indians and Europeans, I am quite sure the House will await the result with great interest. I hope, Sir, the Government of India will spend the necessary amount of money to find out those statistics. I have tried my very best to get the Honourable the Commerce Member to furnish us with those statistics, but he has been systematically refusing to do so.

Now, Sir, there is the question of wages. This is a very important question, and it is difficult to deal with it adequately in a short speech on this occasion. I fully agree with those Members who said that it is the agricultural wages which regulate the rate of wages in industrial concerns. It is true unfortunately that in our country the agricultural wages are very low and it is because agricultural wages are very low that the industrial wages are also very low. I do not agree with those Members on the opposite side who stated that the agricultural labourer is in a much better condition than the industrial wage-earner. That is not true. The truth is that simply because the agricultural wage-earners get very low wages—and more so in the province of Madras than anywhere else—therefore our industrial workers also suffer from very low wages. Sir, that fact is clear to any one who has studied the problem. Agricultural workers from Madras go to Ceylon for Rs. 9 a month; they go to Malaya for Rs. 12 a month. That is the history of agricultural wages in Madras and it is that that has been responsible for the lowness of wages in many industrial concerns in our country. But, Sir, it is not enough for Government to state that agricultural wages are low—therefore the industrial wage-earners must also receive low wages. The Honourable the Commerce Member knows very well that especially in these modern times it is not right for any one to say that wages of wage-earners must be fixed on the principle of supply and demand. That principle has been exploded by the Treaty of Versailles, and the Honourable Member knows that very well. The Honourable Member knows very well that that treaty lays down that the principle that the wages of wage-earners must be fixed on the principle of demand and supply will no longer continue to operate. Sir, they have laid down in that treaty that labour should not be treated hereafter as an article of commerce.

that labour should not be treated as a commodity. Therefore, the Honourable the Commerce Member cannot give any excuse that, because the wages in the surrounding districts are low, therefore the wages in the railway workshops must also remain low.

Now, I shall say only a few words with regard to the non-recognition of the Unions on railways. My Honourable friend from Madras, Sir George Paddison, stated that it is better that the employers and employees should meet often and discuss questions of common interest. Sir, I agree with him entirely. But unfortunately the employers and the employees must have opportunities of meeting together. The railway authorities refuse to recognise the Unions; and if the railway authorities refuse to send replies to letters they will refuse to meet the Unions. Sir, the workmen are not at all unwilling to meet their employers, but it is the employers who are unwilling to meet their men. I know that on some lines in India they have started what are called joint committees, but if the Honourable the Commerce Member studies this subject he will find that the Agents are proceeding on entirely wrong lines with regard to these joint committees. The joint committees are based on the report made in England by a committee which was started under the chairmanship of Mr. Whitley, and that committee is known as the Whitley Committee. That committee has laid down one broad principle, that if the joint committees are ever to succeed, they can only succeed if the Unions are recognised, and these committees will only succeed in those industries where the Unions are organized. Sir, the Whitley Committee has made it clear that these joint committees can never be a substitute for the Unions, and they have also made it clear that if ever an attempt is made to substitute joint committees for the Unions, those attempts will fail. Sir, I want the Railway Board to take a lesson from the advice given by that authoritative body. On all the railway lines there is at present an attempt made to start joint committees as substitute for the Unions, and that attempt, according to the principle laid down by the Whitley Committee, is bound to fail.

Sir, I do not wish to go into more of the grievances of these men, but I want to say only a few words as regards one special grievance of the men on one line. The only thing I wish to say as regards the special grievance is the position of porters on the Howrah station. On the Howrah station there is a contractor who takes a contract to supply porters. I can understand, Sir, a contractor undertaking to supply goods, but I cannot understand a contractor undertaking to supply porters. But, unfortunately, such a contractor exists on the Howrah station. This contractor who supplies porters, charges each porter Rs. 7 a month. There are 600 porters on the Howrah station, and this contractor gets Rs. 4,200 a month from these porters. I am told that he has appointed two Anglo-Indians as supervisory porters and one or two assistants, and that he spends about Rs. 1,500 a month out of the Rs. 4,200 that he gets from these porters. Thus this contractor gets a large sum as his salary for doing what? For supplying porters to the station at Howrah. Now, Sir, this is a very lucrative occupation for retired European officers of Indian railways. As a matter of fact, these contractors are retired European officers of Indian railways. Sir, I asked several questions on this point in this House, and the Honourable the Commerce Member promised to make certain inquiries. I am told that he had appointed an officer to make inquiries, and that this officer has submitted his report, but unfortunately that report does not see the light of day. I am also told, Sir, that the Railway Advisory Committee in

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Calcutta wanted to see a copy of this report. The report will be useful to the Local Advisory Committee, because if the porters have to pay Rs. 7 each per month to the contractor, naturally they must charge higher rates from the passengers. Therefore, the Railway Advisory Committee being interested in the matter asked for a report, and I am told that they were not supplied with a copy. I hope, Sir, the Honourable the Commerce Member will publish the report of the officer whom he deputed to inquire into this matter.

Sir, I do not wish now to go into the details of the other grievances, but I should like to say one word with regard to the method which the Government have adopted to deal with this question. The Honourable the Commerce Member stated several times that he did not propose to make an inquiry. And why? He stated several grounds. In the first place, he said that the Agents are now made independent. He said the same thing yesterday in regard to the question of the purchase of stores. This is the result of the new policy which the railways have adopted. It is true, Sir, that the Government want to make these Agents responsible for the good management of railways. We want also the Members of the Executive Government to be responsible to the people of this country. But, Sir, are we to understand that simply because we want certain officers to be made responsible for the work they do, they should be made great Nawabs of the olden times? Is that what the Honourable the Commerce Member means when he says that the Agents must be made independent, they must be given greater control over questions of treatment of railway workmen into which neither the Government of India nor this House can inquire? Sir, if that is the meaning of the Agents being made responsible, it is better that the Agents are not made responsible at all.

Then, Sir, the Honourable the Commerce Member stated that if we appoint a committee of inquiry, there will be disturbances, and I was very sorry to find that my Honourable friend Sir George Paddison also stated that if any inquiry is made there will be disturbances and discontent. But, Sir, . . . . .

**Sir George Paddison:** I never said there will be disturbances. I said that feeling will be exacerbated and there will be discontent.

**Mr. N. M. Joshi:** I now realise, Sir, that the Honourable Member is against discontent. May I ask my Honourable friend when the Lee Commission was appointed, was there discontent? Was there a dangerous discontent among the superior services? But, Sir, it is said that the superior services are superior services, and there must be discontent among them, but unfortunately these subordinate employees are subordinate employees and why should there be discontent among them? Sir, it is a very curious thing which I am really unable to understand. Why should there not be discontent among the subordinate employees? Sir, I would like the subordinate employees to be discontented rather than that they should remain contented. Sir, it is the right of every human being to be discontented with the conditions in which he is placed, and the railway employees have every right to be discontented with the position in which you have placed them. Moreover, Sir, I do not feel that the enquiry will create a dangerous form of discontent among these men. The discontent already exists. I remember very well, Sir, that about two years ago the Honourable the Commerce Member stated in this House that I was the author of all these



grievances, as if one can manufacture grievances. I ask the Honourable the Commerce Member to-day whether I am the author of these grievances. I remember very well the Honourable the Commerce Member stating very boastfully on that day that recently there were no strikes on Indian railways. I ask him now whether since then there have been any strikes; the House knows very well that since then the country has seen two of the biggest strikes on Indian railways. Sir, the Honourable Member perhaps believes in these strikes. He refuses to accept any evidence of discontent from a man like me or from any other Member of this House, and the only evidence about discontent which he will believe in is the actual existence of strikes. Sir, he is the maker of strikes in India and nobody else. Sir, I do not wish to go further on this occasion. I am quite sure, Sir, that this House, and may I also hope the Honourable the Commerce Member, will give serious consideration to the grievances of the railway employees.

But, Sir, before I close, I want to say one word and it is this, that having studied the conditions of workers in India, I must admit that the conditions of workers on railways are not the worst, for the railway employee has got some concessions which are denied to the employees in other concerns. The railway employee gets a gratuity. He gets a provident fund and he gets leave on pay. I am fully aware of that. But, Sir, let the Honourable the Commerce Member remember that railway employees are Government employees and if the Government of this country is a trustee for the masses of the people of this country, they cannot say that they are on equal terms with the other employers in this country. It is their duty as trustees of the people to show that they are much better employers than the other employers. They ought to be model employers of labour in this country and, if that is so, they cannot plead any excuse that the other employers, *e.g.*, of agriculture, pay less or other employers do not do for their labour what they do. What they have to see is whether their labour is treated as human beings and whether their employees get all the comforts which every employee ought to have. I therefore hope, Sir, that the Honourable the Commerce Member will not refuse to give us an inquiry into the conditions of work and service of the railway employees, and I can assure him that instead of there being any disturbances which he fears, there will be more contentment in the ranks of the railway employees. I hope, Sir, this House will pass this motion.

(Several Honourable Members then moved that the question be put.)

**Mr. President:** The question is that the question be now put.

The motion was adopted.

**The Honourable Sir Charles Innes:** Sir, I have at least got one admission out of this debate. I have listened to debates of this kind for many years, but it is for the first time I have heard an admission from my Honourable friend Mr. Joshi that on the whole employees on the railways are treated better than the employees in other industries. Sir, I thank Mr. Joshi for this one small mercy.

Now, Sir, before I get down to my main case I should like to refer very briefly to just a few points which have been taken. I do not think that my Honourable friend Mr. Ranga Iyer quite appreciated the point of the Rev. Dr. Macphail with regard to agricultural labourers in the Madras Presidency. My friend Mr. Ranga Iyer, I see, comes from Chittur taluk of the

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Cochin State, that is to say, from a place adjoining the Malabar district. My friend Mr. Acharya was for some years, I understand, a master at the Ottapalam High School, also in the Malabar District. Now, Sir, what has impressed the Rev. Dr. Macphail, Sir George Paddison and myself is this extraordinary solicitude on the part of these two gentlemen for the welfare of railway labour. What has struck us during the course of this debate is that these two Honourable Members do not realise the truth of the old saying "Charity begins at home" or at any rate that it should begin at home. Both these Honourable Members will bear me out when I say that the agricultural labourers in the Malabar District—there are 500,000 of them—live in what are called *Cheruma chalas*, miserable little huts. They have got no land of any sort or kind and they are not even allowed to come within a specified distance of their landlords or of the people under whom they work. If Mr. Ranga Iyer were to go and hold a labour meeting of these *Cherumas* in the Malabar district Mr. Ranga Iyer would have . . . .

**Mr. C. S. Ranga Iyer:** May I inform the Honourable . . . .

**Mr. President:** Is it a personal explanation that the Honourable Member wants to make?

**Mr. C. S. Ranga Iyer:** Yes, and it is this, that I supported a campaign for the admission of these so-called untouchables at Vaikom into the temples by proceeding to the spot.

**The Honourable Sir Charles Innes:** I am very glad to hear that and I withdraw what I have said as regards Mr. Ranga Iyer, but at any rate we have felt that when conditions among the agricultural labourers not only in the Malabar district but in other parts of the Madras Presidency are as they are at the present time, it seems to us that these Honourable Members will be better advised to attack that problem rather than transfer their attention to railway employees, since, as Mr. Joshi has told us, the railway employees are on the whole better treated than employees in other industries.

Let me turn to my Honourable friend, Colonel Gidney. Colonel Gidney brought up the question of security and the service bond. I am at a loss to know what the complaint of Colonel Gidney is on that matter. We have, it is true, a service bond. I have here the terms of the service bond of the Great Indian Peninsula Railway. It declares that the service is permanent and non-pensionable, and it says that the service is terminable at a month's notice. Our gazetted officers on the railways—practically all of them—their services are terminable at six months' notice and in the case of the subordinate services, their services are terminable at a month's notice. Why? It is because, after all, we do try to run the railways as a business concern, and that is the reason why we differentiate railway service from service in other departments of the Government of India. In other departments of the Government I think you will get men cheaper if you tie, so to say, a safety label round their neck and make it more difficult to dispense with them. But you could not run a business concern if you cannot get rid of the inefficient men. You could not run that service as a remunerative service, as a paying service if you are compelled to keep on men whom you would not think it worth your while as a business man to retain in your employ.

**Lieut.-Colonel H. A. J. Gidney:** May, I interrupt the Honourable Member . . . . .

**The Honourable Sir Charles Innes:** No, I am not going to give way. Colonel Gidney referred to the case of Mr. DeCruz. He suggested that the case of Mr. DeCruz had not been properly considered by the Railway Board. Here are the records of that case, but I think it would be cruel to go in detail into the facts of that case. But in self-defence, as Colonel Gidney has mentioned it, I must say quite publicly that that gentleman and other gentlemen were implicated in what is nothing more nor less than a case of fraud. An inquiry was made into it; they were given an opportunity of explaining the charges. All the papers in the case were submitted not once but twice to the solicitors of the East Indian Railway and eventually, on the advice of the solicitors, all the men engaged in that matter were dismissed. We were told by our solicitors that there was absolutely no reason to doubt that there had been a daring attempt to defraud the East Indian Railway and these men were implicated in it. Their case has again been scrutinised by the Railway Board, and I think it is wrong for Colonel Gidney to try and bring up an individual case of that sort in a discussion of this kind, because it is quite impossible either for me or for him to go into it in such detail as would be fair both to him and to me.

I am accused from that side of the House of unfair discrimination on the railways in favour of Anglo-Indians and then the representative of the Anglo-Indian community gets up and states that Anglo-Indians do not get a fair chance or fair conditions on the Indian railways.

**Mr. N. M. Joshi:** When they conflict with the Europeans.

**The Honourable Sir Charles Innes:** These speeches will be read by the Agents all over the country. Those Agents will see the views held by the representative of the Anglo-Indians in this Assembly as to the conditions of railway service and I only hope that the Agents will not drive the impression that the Anglo-Indians do not like railway service, for I should like to repeat, what I have repeatedly told this House, that we in the Railway Department have for many years had loyal, good and efficient service from the Anglo-Indian community serving on the Indian Railways and we hope that we shall continue to get it.

Now, Sir, let me bring the House back to the point before it. We are not discussing whether there are grievances on Indian railways or not. Of course there are grievances. I do not deny it for a moment. You have 780,000 men. Does any one suggest that when you have got a staff of that size some of them would not have grievances, and no doubt legitimate grievances, against their employers? But we are not discussing that, we are discussing the question whether or not the Government should be censured because they did not act upon a Resolution of this House that we should appoint a committee of inquiry to go into those grievances. The actual wording of the Resolution was that the Governor General in Council should take immediate steps to institute an inquiry into and report on the grievances of the subordinate employees and that the inquiry should be conducted by a committee consisting of five Members to be elected by the Legislative Assembly, three representatives of railway employees to be appointed by their organisations and three men to be

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appointed by the Government of India. That is the Resolution that was passed.

**Mr. Chaman Lall** (West Punjab: Non-Muhammadan): Is the Honourable Member prepared to appoint a committee of his own choice?

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): That is not the Resolution that was carried.

**The Honourable Sir Charles Innes**: That is the Resolution I have got here in any case, that this House should appoint a committee of inquiry to go into the grievances of Indian railway employees . . . .

**Sir Purshotamdas Thakurdas**: If the Honourable Member would give way, I would remind him that the Resolution was to the effect that the Central Advisory Committee at least might go into the grievances, and I think it would be very interesting to know why the Government of India rejected even that Resolution on which no division was sought.

**The Honourable Sir Charles Innes**: The suggestion was that we should have a roving committee inquiring into railway grievances. I pointed out then, and I adhere to my view, that you cannot manage a great labour organisation if you appoint committees of inquiry of this kind. Whether it is the Central Advisory Committee or a roving committee, I claim that the history of the last two or three years has confirmed the view which I expressed to the House in 1924 and to which I adhere to-day. Mr. Acharya suggested that I did not believe in 1924 that there were grievances and that now at any rate I have reason to believe that there was discontent. Sir, what were the facts in 1924 when this Resolution was passed. For 2½ years we had not had a single strike. So far as we in the Railway Board knew, and so far as the reports from Agents went, the relations between ourselves and our men were thoroughly good: and then, Sir, one morning, like a bolt from the blue, came notice of a Resolution given by my friend Mr. Joshi, that we should appoint this committee of inquiry. And, Sir, what has been the result? The result has been that ever since at every Railway Union meeting there has always been a cry that this committee of inquiry should be appointed; and, Sir, I would like the House to realise what the character of railway employees is. Mr. Joshi only the other day referred to them as illiterate and ignorant men.

**Mr. Chaman Lall**: Not all.

**The Honourable Sir Charles Innes**: Not all, of course. But the great majority of them are ignorant and illiterate men.

**Mr. Chaman Lall**: Only the lower staff.

**The Honourable Sir Charles Innes**: The lower staff comprises the great portion of our railway staff. You have all over the country vast bodies of rather poorly paid men, who are mostly ignorant and illiterate and this House suggests that this inquiry should be held. Well, naturally, what

do they think they are going to get out of this inquiry? I do not believe myself that the vast bulk of these men care two straws about this racial discrimination which looms so large in this House. What they want is more pay, and when they hear the Legislative Assembly has passed a Resolution of this kind, the only inference they draw is that they will get more pay. And that, Sir, is why the House I consider was grossly unfair to me and to the Indian Railways when they passed that Resolution in 1924. I entirely agree with Sir George Paddison—and I should like to take this opportunity of congratulating the Honourable Member on his first speech in this Assembly. (Applause.) I entirely agree with what Sir George Paddison has said. He said practically what I said three years ago, and he said it with a much greater authority, because, as he himself told us, Sir George Paddison is well known in the Madras Presidency for his great knowledge, for his great experience of, and his great sympathy with, all these labour questions. Now, Sir, he has told us that what you want in order to improve the relations between masters and men is to get the personal touch between the Agent and his officers and his men. And, Sir, we are trying to get that personal touch. I am quite aware of the Whitley report to which my friend Mr. Joshi referred. I am quite aware that the Whitley report said that the shop committees would not be really useful unless they worked with the Railway Unions. But, Sir, I ask Mr. Joshi how many Railway Unions are there in India which are real, live, beneficent bodies? My Honourable friend is silent. (Mr. N. M. Joshi: "No.") Well, he ought to be. He knows as well as I do that there are very few really good Unions. And, Sir, is it right for my friend Mr. Joshi to be for anybody else to criticise an Agent when the Agent, just with that object to which Sir George Paddison attached so much importance, tries to set up in the different parts of the line station committees, where the officers of the station and the workmen can be brought into touch one with another. If there are Unions there, there is absolutely no reason why the Unions should not be represented on these station committees and so come in touch with the officers. Though theoretically the station committee may be wrong if it does not work in with the Union, at any rate they have been working well on the Indian railway system.

Now, Sir, I have told this House, and it is quite useless for me to go on repeating it, of the action we took upon the Resolution passed in 1923. We had already considered the matter and I have told the House what view we took. We thought it would be dangerous and it would be wrong to appoint a committee of that kind or start any general inquiry. We came to that conclusion for the very reason given by Sir George Paddison, namely, that if you once set on foot an inquiry of that kind you create grievances where they do not exist, you would embitter the relations between railway officers and their men. But we did bring the matter to the notice of every Agent and we issued a circular. I read a large extract from that circular in my speech on this subject last year, and I do claim that that circular has done good. Take this very strike here in the Bengal Nagpur Railway. Mr. Goswami in his speech said that they had no complaint against the Agent, and he thought that if the Agent had been able to deal with this matter himself without the intervention of the Managing Director of the Board of Directors things would have gone much better. At any rate I gathered from the Honourable Member's speech that he had no complaints against the treatment by the Agent of the Labour Union at Kharagpur.

**Mr. T. C. Goswami:** All I said was that on this particular occasion the Agent was appearing to do the right thing, but the Agent did not seem to be free to do what he wanted to do, what he perhaps thought it was right to do. I said "seemed to be," advisedly.

**The Honourable Sir Charles Innes:** I see the Honourable Member is grudging even in his praise of the Agent.

**Mr. T. C. Goswami:** I was not distributing testimonials—obviously I was not able to state definitely that he was restrained from doing the right thing, but from all evidence it seemed that he was not allowed a free hand in the settlement of the strike. Nor is it possible for me to say exactly what he would have done if he had been free.

**The Honourable Sir Charles Innes:** At any rate, Sir, I can claim that the Agent in this matter has recognized the Union, and that he has gone into this matter to the greatest possible length with the Union.

**Mr. T. C. Goswami:** I admit that he recognized the Union.

**The Honourable Sir Charles Innes:** He has endeavoured to meet the Union in every possible way. And on the complaint of insecurity of service, what did the Agent do? There were 15,000 men concerned at Kharagpur, and there were only 40 cases of dismissals. He said that the Chief Mechanical Engineer would review those cases, and that in his review two Labour Union officials would be present. Now, Sir, is not that an advance, is not that an attempt to adopt a conciliatory and sympathetic attitude towards the grievances? Then, Sir, when they complained of insufficiency of pay, when they said that some of the minimum scales of pay were too low, what did he say? He said that if there were cases where the minimum scales of pay seemed exceptionally low, he himself is prepared to go into it—and I claim, Sir, that this advance on the part of the Agent is the net result of the pressure which has been put on him from us up here during the last two or three years.

**Mr. Varahagiri Venkata Jogiah** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): May I know if the Agent's orders were carried out by the Chief Mechanical Engineer?

**The Honourable Sir Charles Innes:** I understand, Sir, that, if the Honourable Member is referring to the inquiry, the inquiry was interrupted by the strike. And, Sir, what reward has the Agent got? Here we have an Agent who has gone out of his way to work in with the Union, who has gone out of his way to extend a sympathetic consideration to the grievances put before him: what reward has he got? The men, as usually happens with Indian workmen, got out of hand against the advice of their leaders, have declared a strike; then there is the inevitable collision, and then the Union decides to declare a general strike. Now, Sir, I would like to ask Mr. Joshi, I would like to ask Mr. Chaman Lall and Mr. Jogiah whether the history of the strike is calculated to induce the Agent to carry on these methods. Has the Agent of the Bengal Nagpur Railway been rewarded properly for his attempts to meet the Union in this matter? The only reward he has got is that he is confronted with a general strike. That shows the whole difficulty that we have got to meet on the railways. As Mr. Joshi knows, these men are ignorant and illiterate. They get inflamed

by what are usually called "agitators", though I do not like the word myself. When they come under the influence of agitators of that kind, then they get out of hand at once: and Mr. Joshi and this House want me now to appoint a committee of inquiry into their grievances, the grievances of ignorant, illiterate men of this kind. They say that if we appoint this committee of inquiry, we shall not excite false hopes but we shall merely relieve discontent. I say, Sir, that the whole history of the last few years contradicts flatly that statement. I say, Sir, if we accept this committee of inquiry, the only result will be that we shall probably have violent labour disturbances all over India because we should have excited hopes which we could not possibly fulfil. These ignorant, and illiterate workmen will hear the statement made by my friend, Mr. Jogiah, that no man should get a pay of less than Rs. 30, or the statement made by Mr. Acharya that it is impossible for a family to live on Rs. 20 a month. Surely Mr. Acharya knows that there are many families that live on Rs. 20 a month: and does the Honourable Member suggest that we should take the lead on the railways and have a minimum salary of Rs. 20 a month? Is the Honourable Member prepared to stand increased rates and fares? Does the Honourable Member realise that if we did that in the railways, every employer of labour, every Local Government, would have to follow suit, and that the only way in which we can meet the bill will be by increased taxation?

**Mr. Chaman Lall:** It would be a most excellent thing.

**The Honourable Sir Charles Innes:** I entirely agree with my friend Diwan Chaman Lall that it would be a most excellent thing. I have always said that the one thing that is necessary in India, one thing that is desirable in India, is that we should raise the standard of living, and if it lay in my power to raise the standard of living by raising the pay of these wretched men all over India, nothing would give me greater pleasure. But we are practical men, not idealists and we must know that it is not practical politics. Now, I come back to the point where I started. Mr. Joshi has said that on the whole railway servants are better treated than employees in other industries.

**Mr. N. M. Joshi:** I want to make my position clear, Sir. I never said that they are better treated than employees of all other industries, but of some industries.

**The Honourable Sir Charles Innes:** At any rate, Sir. I hold that on the whole railway employees are better treated than servants in other industries. They get approximately the same rates of pay and in addition they get many concessions and advantages in the way of free travelling, warm clothing and housing, and I defy anybody to deny that. I say, Sir, that if this House passes this amendment, they will not in any way improve the lot of these men, but they will create disturbances in this country and in the long run do more harm than good, and I think the House ought not to go on passing Resolutions of this kind which are liable to be gravely misunderstood throughout the country.

**Mr. President:** The question is:

"That the Demand under the head 'Railway Board' be reduced by Re. 1."

The Assembly divided:

AYES—54.

Abdul Matin Chaudhury, Maulvi.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ariff, Mr. Yacoub C.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sesa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Channan Lal, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Gidney, Lieut.-Colonel H. A. J.  
Goswami, Mr. T. C.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Ismail Khan, Mr.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jinnah, Mr. M. A.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.

Khin Maung, U.  
Kunzru, Pandit Hirdas Nath.  
Lahiri Chaudhury, Mr. Dharendra Kanta.  
Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Mishra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Naidu, Mr. B. P.  
Natique, Maulvi A. H.  
Neogy, Mr. K. C.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rananajaya Singh, Kumar.  
Ranga Rao, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Roy, Rai Bahadur, Tit Bhusan.  
Sarda, Rai Sahib M. Harbilas.  
Sarfaraz Hussain Khan, Khan Bahadur.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.  
Yakub, Maulvi Muhammad.

NOES—47.

Abdul Aziz, Khan Bahadur Mian.  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Akram Hussain Bahadur, Prince A. M. M.  
Allison, Mr. F. W.  
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.  
Ayangar, Mr. V. K. A. Arvamudha.  
Ayyangar, Rao Bahadur Narasimha Gopalaswami.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Chalmers, Mr. T. A.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Gavin-Jones, Mr. T.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Havman, Mr. A. M.  
Hezlett, Mr. J.  
Hindlev, Sir Clement.  
Howell, Mr. E. B.

Innes, The Honourable Sir Charles.  
Jowahr Singh, Sardar Bahadur Sardar.  
Keane, Mr. M.  
Lamb, Mr. W. S.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra Nath.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Roy, Mr. K. C.  
Ruthnaswamy, Mr. M.  
Shah Nawaz, Mian Mohammad.  
Singh, Rai Bahadur S. N.  
Singh, Raja Raghunandan Prasad.  
Sykes, Mr. E. F.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Young, Mr. G. M.  
Zulfiqar Ali Khan, Nawab Sir

The motion was adopted.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.



The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

*Railway communication between Gauhati and Shillong.*

**Sir Darcy Lindsay** (Bengal: European): Sir, I move:

"That the Demand under the head 'Railway Board' be reduced by Re. 1" the subject being the failure of the Board to consider the possibility of railway communication between Gauhati and Shillong.

My reason for bringing forward this subject, Sir, is due to a reply given by my Honourable friend Mr. Parsons to question No. 177 on the 1st February. He stated:

"A connection by railway between Shillong and Pandu has often been mooted but as there is a good motor road and motor service between the two places it is not likely to be a paying proposition and there is no present intention of taking it up."

Now, Sir, the point I wish to make is that while it is true there is a good road and a motor service between the two places the means of transport is very inadequate for the needs of the people, particularly in regard to the agricultural production. The reason I desire to urge the Railway Board for a full investigation of the matter is that in my opinion such a railway would become a paying proposition and develop what I might refer to as a backward tract. I ask the Railway Board not to be deterred by the disinclination or possible disinclination of the local Administration to have such a railway built. I know one reason is that they are making revenue out of the motor service and there are other reasons put forward to which I will not refer, but many of us know what they are. The Local Government receive from the motor service, I think for the present year, a sum of Rs. 1,96,000 and this money is really found by the people who use the motor service for the transport of their goods and very largely out of the pockets of the cultivators of potatoes in the Khasia Hills. The excuse for this charge is that the road has to be maintained in a good state of repair. Well, Sir, that may be perfectly true and it is only right that the motor service should contribute something towards the upkeep of the road because their usage causes greater expenditure than might otherwise be the case. But I believe I am not incorrect in stating that the cost of maintenance is somewhere about Rs. 1,65,000, whereas the Government as I have pointed out received Rs. 1,96,000; and one or two years previously it was nearly Rs. 3 lakhs. When I say that the agriculturist has to pay for the most of this, I would explain that the rates for potatoes from Shillong down to Gauhati is very much higher than the rate of transport for goods from Gauhati to Shillong. It was formerly, I believe, as much as Rs. 3 a maund as against Rs. 1-8-0 for upward goods; this year I understand the arrangement is Rs. 1-12-0 for potatoes and Re. 1 for other goods. Now, Sir, as regards this question of potatoes I would like with your permission to read from the *Times of Assam* under date 29th January what has been written on the subject. It is from a correspondent in Shillong:

"Inquiries made since I last wrote show that the holding back of supplies for higher prices was only a minor cause of so large a proportion of the summer potato crops remaining unexported. The principal cause was insufficiency of motor carriage during the export season which lasts from July to October. After that the Shillong potato, with its higher cost of carriage cannot compete with the Burma product which then comes into the Calcutta market. Insufficiency of carriage is clearly demonstrated by the following figures. The carrying company which has the monopoly of carrying maintains 36 lorries. Supposing all of these lorries were always in working, which can never be, this complement would allow of 18 lorries down and 18 up daily. The lorries carry 125 maunds each, so that 18 down lorries daily would carry 67,500 maunds monthly or in four months 2,70,000 maunds. A good year's average crop of potatoes is 4,00,000

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maunds, so that from the above figures it will be seen that 135,000 maunds is unprovided for. Some of this surplus has been got away in past years by overloading lorries, by the use of luggage vans and the No. 2 passenger omnibus service which latter is not ordinarily much used and some of it has been taken down by bullock and pony carts. Even so, a large balance remains uncarried as happened last year, and the producers are the losers in that the potato does not keep, and only a part of it can be used for seed for the next summer crop and a still smaller part for local human consumption as the latter is not wanted when the smaller winter crop comes in. Consequently the larger part of the unexported balance has to be thrown to the pigs, which means a great loss to the producer. Now this year still more land is going to be put under potatoes as one means of utilising part of the unexported balance. This means that given a favourable season this year's crop may be 5,00,000 maunds and the want of carriage may be even more felt than it was last year unless steps are taken meanwhile to meet the difficulty."

Now, Sir, it may be said that it is quite open to the motor service to put on more lorries. They can certainly do so. But they will be charged by the local Administration another Rs. 6,000 per lorry and merely to carry down the potato crop they would have to charge even higher rates to recover that Rs. 6,000 without even providing for the cost of running and the purchase of the lorry. Also, Sir, there is great insecurity of tenure with regard to this motor service. The contract for running the service is for a period of 10 years, after which time other arrangements may be made. There is, therefore, no encouragement to the motor company to expend large sums of money in providing for sufficient transport. I hold, Sir, that in addition to what transport is already available there are great potentialities about this part of Assam in the way of minerals. It is well known that there are large deposits of coal in these hills that could be tapped by the railway. At present very little leaves the district owing to the high cost of transport. Some years ago I believe a survey was actually made and, if I am not mistaken, the cost of such a railway was estimated at Rs. 65 lakhs. As to running costs I suggest that there is a very good water supply that could be harnessed for generating electricity and this might possibly reduce the running costs. In any case, Sir, I contend that a good case can be made out for a full inquiry as to whether such a railway would be a paying proposition, and I ask the Railway Board not to be turned away from the views that have been put forward by the local Administration. They should regard the subject as to whether they are benefiting that part of India. They must also look at it from the point of view of their other railways. These districts will feed the Eastern Bengal Railway and bring in more money to that branch. For these reasons, Sir, I move my amendment.

**Sir Clement Hindley** (Chief Commissioner for Railways): Having come back from lunch, my Honourable friend, Sir Darcy Lindsay, seems to be impressed by the value of potatoes. He has opened up before our eyes a wonderful land full of potatoes and coal and he asks us to put up a railway into that promised land. I had the fortune a few weeks ago to visit Shillong and I went up this motor road from Gauhati and saw what the actual conditions were for myself, and I also took the opportunity of talking with some local people and finding out what the real feeling there was about this railway. The fact that impressed me more than anything else when I went up there was that this was the finest hill road that I had ever come across in India. It is one of the best constructed roads and best maintained roads for going up into hill tracts that I have ever come across anywhere. It is also served by a very good motor service both for passengers and for goods, and, as far as I could see at the time, there was ample

accommodation for the people travelling and for the goods moving. I was told about the potatoes and I realise that at certain times there is an excess production of potatoes in Shillong. But whether that would be the case, whether potatoes would be produced to a greater extent with the assistance of a railway than they are with the assistance of a motor road is a matter, I think, very much open to opinion. There is a fairly large tract of country to be cultivated, but there is not a very large population, and I am told that the people who cultivate potatoes are in fact doing very well and are living very comfortably on the small amount of land which is available for cultivation. I have just put these facts forward because I thought that what Sir Darcy Lindsay said may have magnified the matter somewhat in the minds of Honourable Members. As regards coal, there is a certain amount of very inferior coal brought in by carts along the tops of the hills in Shillong. Whether there is beneath a deep deposit or not I am not in a position to say, but it was pointed out to me—I was taken up to a point above Shillong called "The Peak" where I could see the whole country round very well and I was pointed out the whereabouts of coal. The coal was in the neighbourhood of Cherrapunji and it occurred to me that it would be a practically impossible matter to run a railway down the cliff to the bottom of the great gulf that lies there below Cherrapunji in order to get at the coal. If it can be got at, it can be got at only from the other side.

**Sir Darcy Lindsay:** I was not talking about Cherrapunji coal. I understand that there is a very large deposit not very far from Burrapani.

**Sir Clement Hindley:** Perhaps I did not get all the information I might have done, but that is the impression I have got.

The position that I am in is this. We have a really good motor road in existence and the motor traffic is well looked after, well maintained and we are asked to replace that at once by a railway. We have got to consider what other railways we have to build. Assam is a province which has so far been very ill served by railways and there are many important railways in Assam to be constructed—railways which will serve important industries there and which are, I consider, of prior importance to this particular railway.

The line from Gauhati to Shillong was surveyed originally in 1912 and was taken up again a few years later, and an alternative line was surveyed from Pandu to Shillong—that was in 1918,—and then in 1919 a detailed survey of that line was made. From those surveys estimates were prepared and it was found that the line, which would be 66 miles long, would cost about Rs. 67 lakhs to build. Some member asks why it should cost a lakh a mile. It is not a very easy country in which to build a railway. It is not a flat country and it would be a matter of considerable engineering difficulty to build a railway up there and the estimate of a lakh a mile would be an under-estimate. We estimate a return on that railway of about 3 per cent., that is to say, we are asked to put down Rs. 67 lakhs to earn 3 per cent., . . . . .

**Sir Darcy Lindsay:** The traffic will very much increase.

**Sir Clement Hindley:** I have no doubt it will, but at the moment I have got other lines where I can earn 5 to 6 per cent. straightaway and this one will have to await its turn. But what is the position of the Local Government? I did not quite understand Sir Darcy Lindsay's argument. He said that they make revenue out of it. I take his figures because I

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have not got any others and, with due apologies to the Assam Government if they are not correct. He says that the poor potato people and others (including Sir Darcy Lindsay, I suppose, when he goes there to put up in a hotel) pay altogether one lakh and 96 thousand to the Assam Government, out of which on his own showing the Government have to pay 1 lakh and 66 thousand for maintenance of the road. Well, there is a bare surplus of 30,000, but I very much doubt the accuracy as a permanency of those figures of one lakh and 66 thousand for the cost of maintenance. So the Assam Government is in the very enviable position of having a good trunk road which is by proper commercial management not costing them anything. Now, does Sir Darcy Lindsay expect the Railway Board to build this railway for 67 lakhs and take less than one lakh and 96 thousand out of these potato people and Sir Darcy Lindsay?

**Sir Darcy Lindsay:** Yes.

**Sir Clement Hindley:** I beg to differ. Supposing we get even a net profit of two lakhs, where is the interest coming on our capital of 67 lakhs? That is the proposition. I do not want to stress it too much because we have many cases of this kind where the construction of a railway appears to be advisable, but on an examination we find that we cannot at present make a commercial proposition out of it. What we actually do about this is as follows. As the House probably knows, we have an arrangement by which we consult Local Governments annually about the railways required in their provinces and so far the Assam Government have placed this project in a low place on their programme. I had no indication from them that they are in any way antagonistic or opposed to the construction of this line but they have placed it in a low position on their programme. This programme comes up for re-examination every year. In May the Local Governments are required to inform the Agents of the railways what projects they consider of urgent importance, and I have already issued orders that when this case comes up under that procedure, it is to be carefully examined in the Railway Board's office and further investigation made of the possibilities of the line. That we shall do as a matter of course, but, in view of what the Honourable Member has said to-day, I will look into the matter further and see if there are any factors which we may have overlooked in examining it. It will come up again definitely for examination next August when we get those reports of programmes from the Local Governments and Agents. In view of this, I suggest to the Honourable Member that he might perhaps withdraw his amendment.

**Sir Darcy Lindsay:** In view of what my Honourable friend Sir Clement Hindley has said, I ask for leave to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

#### *Powers and Formation of Advisory Committees.*

**Mr. N. O. Kelkar** (Bombay Central Division: Non-Muhammadan Rural): I have put down this motion\* for a cut of Rs. 100.

**Mr. President:** They have not got Rs. 100.

**Mr. N. O. Kelkar:** I will therefore make it a one rupee cut. The points to which I want to draw the attention of the House are . . .

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\* "That the Demand under the head 'Railway Board' be reduced by Rs. 100. (Appointment of an Indian on the Railway Board: Decentralisation of Railway Board's work: Powers and formation of Advisory Committees.)"

**Mr. President:** Will the Honourable Member tell the Chair exactly what points he is going to take up? The first two points in his motion have already been covered.

**Mr. N. C. Kelkar:** The appointment of an Indian to the Railway Board has been disposed of and also the question of the efficiency of the Railway Board—whether in favour of the Railway Board or not does not matter. The only question I want to take up now is the decentralisation of the Railway Board's work and the powers and formation of Advisory Committees. The two points practically go together. What I want is that the Railway Board should be prepared to go in for a large scheme of decentralisation of their work and powers. The point I want to raise is however partly a point of information and partly a point of complaint. Perhaps I may not be in possession of the information about the real facts that prevail at present regarding the decentralisation of control and powers of the Railway Board, and I should thank the Honourable Member in charge of the Railway Department if in his reply he will enlighten me on the point, as to whether steps have been taken for decentralizing the powers and functions of supervision and control of the Railway Board in any particular manner. The point I wish now to raise is not so much about the control as about co-operation in supervision, co-operation between officials and non-officials, in seeing whether the work of the Railway Department is being properly done or not. In my opinion it does require co-operation between officials and non-officials to see that the work is done properly and orders carried out properly at all ends of the Department. Taking up the point of the Advisory Committees I want first of all to know whether by this time Advisory Committees have been appointed for all the railways, including the Company Railways as well, and, secondly, whether those Committees have been approximately conforming to the model supplied to us by the Acworth Committee in its Report. I take it that the Railway Board are perfectly cognisant of the recommendations of the Acworth Committee, but there may be some Members of this House who may not be aware of the model which has been suggested in its Report by that Committee. Therefore I will just read a paragraph or two out of that Report for the information of those Members who may not be aware of it. At page 47 of the Report the Committee says:

"In no country was the control of railways more autocratic than in Prussia: yet it would probably be true to say that in the generation before the war the railways of Prussia were subject to less hostile criticism from their public than those of any other country. In Prussia there was a carefully planned system of railway councils, a single national council and a number of local councils. They consisted of the representatives of the Departments of State specially concerned with railway matters, associated with a majority of members nominated by the Chambers of Commerce, the Chambers of Agriculture, the great municipalities and similar bodies representing the public. They had no powers but they had great power. They had a Secretary and met at stated intervals with an agenda on which any member could put down any subject for discussion he thought fit, and on which the railway officials put down any subject, such as changes and improvement in train services or alterations in rates for and classification of merchandise, which concerned the public interest and convenience. The railway administration, so it has been reported, very rarely acted except in accordance with the views expressed by the councils in all matters within their competence."

And in a footnote, to which reference has been made in the body of the Report, they gave the model of the constitution of a Polish railway council. It consists of:

"(1) Representatives of the Ministries of Trade and Industry, Agriculture, Posts and Telegraphs, Finance, Public Works, Food, and Military Affairs, who will be appointed by the corresponding Ministers, one for each Ministry.

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(2) One representative of each of the ten largest towns in Poland to be appointed by the corresponding City Councils.

(3) Sixteen representatives of industrial and commercial associations.

(4) One representative of each railway directorate.

(5) Six experts to be appointed by the Minister of Railways.

(6) Representatives of other Ministries, at the invitation of the Minister of Railways, in matters concerning such Ministries are under discussion."

That, I suppose, gives a very good idea of what an Advisory Council on a large, representative basis should be for exercising the kind of supervision which I have got in view, and I would like to know from the Honourable Member in charge of the Railway Department whether the idea was ever considered as to whether Advisory Committees in India should be established on that larger, representative basis, and if not, what were the difficulties in the way of such formation of Advisory Committees? I know there are some Advisory Committees working; perhaps Mr. Jayakar may be able to say whether the work of the Advisory Committees is good or bad. I personally have no experience of being on any Advisory Committee, but I believe that a great deal of complaint is being made about the want of close touch between non-official public opinion in the mufassil and the officialdom in the Railway Department. I lay special stress, Sir, on this point, for in my opinion it is not enough that you should have at the headquarters a Central Railway Council which helps the Department in exercising control and supervision; what is necessary I think is the formation of Advisory Committees not only in metropolitan towns or the headquarters of railways, but even in the interior and in the mufassil so that, as I have said, the railway officials in the mufassil should be brought into close contact with non-official public opinion on the spot. There is one sentence which struck me most in the paragraph I have just read; it is that the Advisory Committees have got no powers but they have got very great power. It is pithily put in my opinion: in order to have power, you must not necessarily have administrative or conclusive powers of control. But such Advisory Committees not being appointed in the mufassil, what practically happens is this, that if you want to make a complaint about the maladministration of the Railway Department or the misconduct or misbehaviour of any particular railway official in the mufassil or the non-fulfilment of any conditions imposed by the Department upon the conduct of officials, you have got to seek out which is the Advisory Committee and to lay the complaint before that Committee. In most cases, as my friend says, the Advisory Committee has got no powers given to them in that respect. But from the paragraph in the Report that I have read it will be found that these Committees are given such powers of supervision and co-operation, given such facilities of co-operation that they become effective, and as has been stated in this Report with regard to the railway administration in Prussia, "it very rarely acts, it is reported, except in accordance with the views expressed by the Council in all matters within their competence". The present question is not a question of exercising any control at all. We do not want any definite powers, but we want power for non-official public opinion, power such as is ordinarily created by establishing points of contact between the exponents of non-official public opinion and the people who administer the Railway Department in the mufassil. That is the principal point I wish to raise in this cut, and I shall feel obliged if the Honourable Member in charge will give me information.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): Sir, I gave notice of a separate motion of reduction for the purpose of raising the question with regard to the functions and powers of the Central Advisory Council, but I would take the opportunity of the discussion which has been raised by my Honourable friend Mr. Kelkar and have my say on that subject. Sir, my Honourable friend has already read out an extract from the Acworth Committee's Report with regard to the functions of the Prussian Advisory Councils. When the Acworth Committee came out to India, they found that they had to deal with not merely questions of administrative imperfections, but also very grave public grievances against Railways; and the principal recommendations that they made with a view to bringing the railway administration more into touch with the travelling public were with regard to the formation of the Central as also Local Advisory Councils. So far as the Central Advisory Council is concerned the constitution which they laid down in their report has been materially departed from by the Government, but I do not complain on that score, because I acknowledge that there are certain advantages to be gained from the constitution which has been accepted by Government in accordance with the recommendations of this House. But what are its powers? The Acworth Committee distinctly contemplated a Central Railway Advisory Council on the model of the Prussian Advisory Councils, and from the extract which my Honourable friend Mr. Kelkar has read out, Honourable Members must have found that one of the most important powers which Councils in Prussia enjoys is that every member of every Council is in a position to set down any subject for discussion. But what is the position of the Advisory Council here? The Central Advisory Council, as constituted by the Government of India, is an advisory body to advise the Honourable Member in charge of Railways on such subjects on which he may choose to invite their opinion. I was a member of the Central Railway Advisory Council for some time, and on one occasion I wrote a letter to the Secretary suggesting that certain important subjects ought to be brought up for discussion at the next meeting of the Central Railway Advisory Council. I was immediately reminded in reply that the functions of the Advisory Council were wholly advisory, and therefore no member had the authority to suggest any subject for discussion. I wrote back in all humility inquiring whether it was not permissible for a member to suggest to the Honourable the President that he might seek the advice of the members of the Central Advisory Council on the subject which I had the temerity to mention in my letter, and the reply which I got was couched in that same peremptory tone, and it stated that I had absolutely no right even to make that humble suggestion. The result was that the subjects which I thought might very well be brought up for discussion at the Central Advisory Council were never put down on the agenda. Sir, this I maintain is a very serious departure from what was contemplated by the Acworth Committee when they made the recommendation for the formation of the Central Railway Advisory Council. I take another test as to the importance that the Acworth Committee intended to attach to this Council. We find that in paragraph 102 of their report, the Acworth Committee mention three main sections in which the work of the Honourable Member in charge should be divided. In the first place, the Acworth Committee stated he would be the head of the transport organisation. Secondly, he would be the Chairman of the Central Railway Advisory Council. Thirdly, he would control the Posts and Telegraphs through the existing organisation of that Department. So, I take it, Sir, when they made that recommendation.

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they thought that each one of the three functions would be considered to be quite important as any other. Then, again, Sir, I happened to come across a passage in a comparatively recent debate in the House of Commons, in which the Under Secretary of State, while taking great credit for the very great things that were happening in India in the Railway Department, mentioned the fact that "the Central Railway Advisory Council had been very greatly strengthened." Strengthened undoubtedly it has been, perhaps in point of numbers, but this strength is not going to be of any use to us, unless the Honourable Member really gives effect to the intention of the Acworth Committee. It is interesting to find that the Honourable Sir Clement Hindley in his statement before the Acworth-Committee, while he was Agent of the East Indian Railway, had something to say with regard to the formation of a Central Advisory Council, and what do we find? His conception of such a Council at that time was much more in line with the popular demand than at present. On that occasion, Sir Clement Hindley went the length of recommending that the functions of the Railway Board as advisers to the Government on general railway policy should be entrusted to an advisory body representing various interests which should assemble at Government headquarters periodically. I do not forget that his conception of the reconstructed Railway Department varied considerably from what we have got at present at the headquarters of the Railways. But that leaves my point absolutely untouched, because when he was advocating Company-management of Railways he thought that the Railway Board's functions could very well be delegated to an honorary set of workers like an Advisory Council, but now that he finds himself at the head of the railway administration in India, he perhaps does not consider it necessary to have any advice from any outside agency. I do not know whether that is his view.

So far with regard to the Central Advisory Council. Coming to the Local Advisory Councils, I find that the constitutions of the various Councils attached to the various railways differ very materially from the constitution as contemplated by the Acworth Committee. The Acworth Committee contemplated a Council, half of the non-official section of which would be representative of the rural interests and the travelling public. I had occasion to go through the names of the members of the Advisory Council attached to each railway in India, and I found that there is a preponderance of representation of commercial interests, European commercial interests, if you please, and very little of the rural interests and the travelling public beyond one or two representatives elected by the local Legislative Council. I would be the last man to complain if the recommendation of the Acworth Committee had not been given effect to to the letter, provided we had got the proportion of representation which they contemplated to give to the rural interests and to the travelling public. Sir, as my Honourable friend, Mr. Kelkar, has said, the importance of the Local Advisory Councils is not less than the importance of the Central Advisory Council. There is one particular reason why the Local Advisory Councils can be called to be more important even than the Central Advisory Council. Seldom does a day pass in this House when questions regarding administrative details of railways do not come up, and we are not told that such questions of minor detail had better be discussed in the Local Advisory Council, that is to say, the Legislative Assembly ought to delegate certain of its functions in favour of the Local Advisory Councils. I think that is what it comes to; and



if we are really expected to impose a self-denying ordinance on ourselves and delegate certain of these functions to the Local Advisory Councils we are entitled to know what the constitution of these Councils is and who determines the constitution of these Councils. The Honourable Member in charge will bear me out when I say that the constitution of each of these Local Advisory Councils is a matter within the discretion of the local Agent. The Honourable Member has little to do with regard to laying down the lines on which these Local Advisory Councils shall be constituted. I hope I am correct in making that statement. I find my Honourable friend the Member for Railways shaking his head. I should like him to justify the great disparity which we find in the matter of the representation of the various interests on these Advisory Councils. If he has got any hand in the determination of the constitution of these Local Advisory Councils, I would expect him to justify the differences he finds in the constitutions of these Advisory Councils. I would particularly commend to his attention the constitution of the latest among these Local Advisory Councils, I mean the Council attached to the Beñgal Nagpur Railway which refused even to constitute a council for all these years. It is at last that they have agreed to have a council, and will the Honourable Member in charge tell me if he had any hand—I quite know he had none—in determining the constitution of the Bengal Nagpur Railway Council? They again we find on a reference to the Railway Administration Report that while the Central Advisory Council was summoned on four occasions in 1924-25, it was summoned twice in 1925-26. I do not know how many times it met in 1926-27. These Local Advisory Councils, however, meet a little more frequently, but the number of meetings is not the same on the different railways, and here I come back to my first point. It is because the members of these Councils have not the power of initiating discussion on any particular point, however important it may appear to be in their judgment, it is because of this that we find that some of the Councils have met very seldom and some of them more often. So, I do hope that the Honourable Member in charge will give his earnest attention to the very important questions which have been raised in this debate.

**Mr. N. M. Joshi:** Sir, I do not wish to make a long speech as I have already spoken on this subject to some extent. I wish to make one or two suggestions as regards the constitution of the Central as well as the Local Advisory Councils. The first thing I would like to suggest is, that all the interests which are concerned with the railways should be properly represented. At present the commercial bodies are represented, in my judgment, adequately, but unfortunately the third class passengers are not sufficiently represented. The only representatives who may be expected to speak for them in the Advisory Councils are the representatives of the local Legislature. Now, Sir, you know the constitution of a Legislature. The Legislature itself represents the big landlords and the commercial magnates and there are only a few representatives of the ordinary men. Now if that local Legislature elects representatives of the passengers, the commercial men again will get in, the big landlords will again get in, and there may be one man on behalf of the ordinary passengers. I therefore think that the constitution is faulty. What I would suggest to Government is, that the whole of the Local Advisory Council should be elected by the local Legislature, so that the Advisory Council will be a sort of smaller edition of the local Legislature and so that there will be some chance for the representatives of ordinary people getting into the Local Advisory Council as well as sometimes on the Central Advisory Council. If that

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is not done then your Advisory Councils will be councils of representatives of rich people and ordinary people will not have a sufficient voice in them. This is my suggestion as regards the constitution of these Advisory Councils. Then, Sir, as regards the constitution there is one more point and it is this, that the employees of the railways should be represented on these Advisory Councils. It is a good principle that the employees of any industrial concern should have some voice in the management of that industrial concern. The employees of the railways, some of them at least, are educated people and they will be able to advise the management of the railways on some points much better than the representatives who are on the Legislatures. Unfortunately the Railway Board considers that the employees are the only people who should have absolutely no voice on these committees, that their questions should not even be considered—that the employees are to be untouchables and their questions to be untouchable. As far as these Advisory Councils are concerned, I hope the Railway Board will be willing to receive some suggestions, some advice, from the subordinate employees of the railways.

Then, Sir, as regards the functions of the Central Advisory Council, there is hardly anything done. I heard that only two meetings were called during last year. What I would suggest, Sir, is that the functions of these bodies should be laid down in accordance with the functions of these Legislatures. In this Legislature there is no doubt Government have got the predominant voice; the Governor General has got the veto, so after all this Legislature is an advisory body and so your Central Advisory Council and this Legislature are on the same level (Ironical cheers). Now if you really want a Central Advisory Council, give them at least the same powers which this Legislature has got. Let a member of the Central Advisory Council have power to move a Resolution. Let the Governor General—I do not know who is the Governor General in this matter—let the Governor General disallow the Resolution on the ground of peace and order or good government or whatever the excuse may be; but let there be the power given to members of the Central Advisory Council to move Resolutions and to ask questions. One other thing I would suggest. In the case of the Central Government there is a Standing Finance Committee for Railways which looks into the Budget. I would suggest that the budget of every line should be placed before the local Advisory Committee. What is the difficulty of putting the budget of a local line before the Advisory Committee so that the Committee will know what provisions have been made for projects and how the budget should be altered, if necessary? Now, Sir, there will be a great advantage if we alter the functions and the constitution of these Advisory Councils. After all, the whole of our railway system is at present being managed by the Agents, and it is the policy of the Government of India to make them as independent as the Government of India would like them to be, and they have given them freedom and it is said that they have made them responsible. But as a matter of fact what has happened is, as I stated only a few hours ago, that you have made these Agents the Nabobs of the old East India Company. The Government of India does not keep any control over them and there is no other method by which their actions can be controlled. Now, Sir, if the Government of India want to abdicate their functions let them do so. I have no objection to their abdicating their functions. But we are not willing to abdicate our functions. We are anxious to have control over the Agents,

and therefore I say that the functions of the Local Advisory Councils should be extended, their powers should be extended and their constitution should be widened. It is only then that the Agents will be responsible to those people to whom the railway really belong. I hope, Sir, this motion will be carried.

**Mr. M. R. Jayakar** (Bombay City: Non-Muhammadan Urban): Sir, as reference has been made to me in the course of the speech made by my Honourable friend, Mr. Kelkar, I may be permitted to state in a very few words my experience as a member of the Local Advisory Committee in Bombay. Sir, I had the honour of being on that Committee for two years as a representative of the Bombay Legislative Council.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): Which railway?

**Mr. M. R. Jayakar**: The Great Indian Peninsula Railway; and in the course of the short time I spent as a member of that Committee, I found that a great deal depended upon the temperament of the man who presided. Fortunately for us, the President in my time happened to be Sir Robert Maclean, the Agent of the Great Indian Peninsula Railway, who later on left this country, thereby swelling the tradition that the best men in our railways in course of time leave India and get employed outside, giving the benefit of their experience to Non-Indian firms, and creating thereby a tradition which we, from the non-official point of view, regard as extremely unwholesome. But, speaking of the functions of that body, the Local Advisory Committee in Bombay, we found that time after time questions were tabooed on the ground that they related to the "personnel and discipline"—I am quoting two important words of the committees constitution—of the railway staff which matters were taken out of the purview of that Committee. We found that notwithstanding the fact that the Acworth Committee's Report requires that all questions of 'public interest and convenience' should be considered by the Advisory Committees, many questions affecting public interest and convenience were excluded, because they in a way affected internal discipline. Very often questions came up relating to the behaviour of the railway staff; for instance, their insubordination, or inattention to the comfort and convenience of passengers in which a guard or a railway official was concerned; but we were powerless to discuss such questions or bring them on the agenda of our meetings on the ground that they related in a sense to the discipline of railway officials. I submit, Sir, that this was stretching the letter of the law too far and that a little relaxation of the rule is necessary, so as to give power to these Advisory Committees to go fully into such questions where they affect public comfort and convenience. where for instance railway officials come into conflict with public interest and convenience. Very often cases came up where a guard refused to listen to the request of a passenger to have a meal ordered at the next station. This House is aware that it is the common experience of Indian passengers on our railway that very often their wants are not attended to. I have personally been subjected to many indignities on these railways; very often I have had to tell the guard to wake me up at about five o'clock in the morning and the guard has refused to take any notice of it. These are exactly questions which affect "public interest and convenience." However, when such questions came up before the Advisory Committee, we were often told that they related to the "discipline" of the railway officials, and as such the committee was powerless

[Mr. M. R. Jayakar.]

to go into them. I want, therefore, the Honourable the Commerce Member to consider the advisability of relaxing these rules so as to give these Advisory Committees power to enter into such questions where they conflict with public interest and convenience, although in another sense they may be regarded as questions relating to discipline of the staff.

We also felt, Sir, that the Indian interests on these Advisory Committees were not adequately represented. As an instance, I may say that there is a body, Sir, in Bombay presided over, not by a political agitator like some of us, but by a merchant prince of Bombay, Mr. Lalji Narainjee. It goes by the name of "Passengers and Traffic Relief Association". It has been in existence for several years. It has ramifications all round. It has a number of office bearers, whose duty is to go on the railway platform, watch cases of overcrowding, insubordination, often times of insolence and arrogance, and make a list of these cases or prepare a report for the edification of the public. Will you be surprised, Sir, that this Association has been knocking in vain at the door of the Great Indian Peninsula Railway Advisory Committee for admission for several years? It is extraordinary that while the Advisory Committee of the sister Railway, I mean the Bombay, Baroda and Central India Railway, of which my Honourable friend Sir Purshotamdas Thakurdas happens to be a member, admits one member as a representative of the Passenger Traffic Relief Association, . . . .

**Sir Purshotamdas Thakurdas:** No, not a member representing that Association.

**Mr. M. R. Jayakar:** I thought there was one such member admitted, but if he is not, then the grievance of which I complain is all the more serious. The Passenger Traffic Relief Association has been urging that its representative should be allowed to be on this Advisory Committee, and although the Acworth Committee's Report says quite clearly that the one-half of the advisory committees should be the representatives of rural interests and of the Indian travelling public, no representative of this Association has so far been allowed to be on the local Advisory Committee. Fortunately, for the Indian public in Bombay there happens to be this body, constituted for the express purpose of representing the grievances of the Indian travelling public, and yet, to my surprise, the Great Indian Peninsula Railway Advisory Committee has not so far allowed a representative of this body to be on their Committee. I submit, Sir, that some way ought to be found to redress this grievance as soon as possible.

Another particular, Sir, on which a departure has been made is that, although the Acworth Committee says that the representative of the Bombay Legislative Council need not be necessarily a member of that body, and although, Sir, the original circular of the Government of India which constitutes these Advisory Committees does not make it necessary that the representative of the Bombay Legislative Council should be a member of that body, for some curious reason, the Great Indian Peninsula Railway authorities in Bombay have made it necessary that that representative must always be a member of the Bombay Legislative Council. The result is, Sir, that a person who ceases to be a member of that body and is yet a very useful member of the public, having gathered experience and knowledge in the course of three years,—the elections come on every three years—Sir, has automatically to cease to be useful to the public. I submit, Sir, that the Acworth Committee showed very great wisdom in

not making it compulsory that the representative of the Provincial Legislative Council on these Committees should also be a Member of that Council. But for some curious reason which I have not been able to understand, this has been departed from in Bombay, with the result that when a useful and energetic person ceases to be a member of the Bombay Legislative Council, although he may be very anxious to continue as a member of that Committee, he has to give up his useful work as a member of the Advisory Committee. Reliance is placed on some resolution of the Great Indian Peninsula Railway in Bombay that such representative must be a Member of the local Legislative Council; and that if he is not, he ceases to be a member of the Advisory Committee. I submit, Sir, that this is contrary to the terms of the Acworth Committee's Report which ought to be adhered to . . . .

**The Honourable Sir Charles Innes:** Will Mr. Jayakar tell me what he means by the resolution of the Great Indian Peninsula Railway?

**Mr. M. R. Jayakar:** There are two circulars, Sir; the Government of India Resolution did not make this necessary, and I think I am right.

**The Honourable Sir Charles Innes:** Quite right.

**Mr. M. R. Jayakar:** But there is some local resolution . . .

**The Honourable Sir Charles Innes:** Of the Local Government?

**Mr. M. R. Jayakar:** I think of the local railway authorities. I think the Agent or some such individual issued a circular, and we were governed by its terms which made it necessary that the moment that a representative, however useful he may have been to the public, ceases to be a Member of the provincial Legislative Council, he must necessarily cease to be a member of the local Advisory Committee. These are a few of the suggestions which I wished to make, and I am sure if these are borne in mind and carried out these local Advisory Committees will be more useful than they have been so far.

**Mr. H. G. Cocke** (Bombay: European): Sir, this subject of the indirect control or the advisory control of the public over railways is a very complex and a very difficult one. You have the railway administration presided over by the Agent and you have the local Advisory Committee, which is a Committee of comparatively recent growth, dealing with certain minor matters of administration, passengers' convenience and so on. I have not served on any one of those local Committees and I am therefore really somewhat ignorant of their duties and the powers exercised by them. I do not therefore want to touch upon that aspect of the matter. Apart from the local advisory control, you have the control by the State. We are, fortunately or otherwise, concerned with a system of State-managed railways. Therefore, the principal control is by the State at Delhi and Simla, and it is about the Committees that advise the State that I want to say a word or two. It is perfectly reasonable that the State should be advised by an expert body known as the Railway Board, the Board of which we have heard a good deal in the last day or two. Then, as regards the advisory assistance that the State receives from Members of this House, either by means of the Finance Committee on Railways or by the Advisory Council, that is where it seems to me considerable room for improvement arises. I think the chief trouble is that there is not any very real and direct and constant touch between the Members of this House sitting on these Committees and the State as represented by the Honourable the Railway Member and the Railway Board. I know the

[Mr. H. G. Cooke.]

question of distance is a very difficult one, but it seems to me that something ought to be done in the way of more constant meetings of these Committees. After all, although it is not a question of a Board of Directors directing one particular railway, it is necessary in my opinion that these Committees should be in constant touch with the running of the railways as a whole and that very many more subjects should be put before these Committees at their regular meetings. I understand that last year there were merely two meetings of the Central Advisory Council. I do not know whether it would be possible for that Council to meet at least once a month and really to be kept more in touch with the administration of railways, to consider the monthly returns and the programme of construction and any question of labour grievances and so on, thereby keeping this House very much more in touch, and making it a much more real advisory body than it is at present. I think this is a matter which will have to come up in the future and possibly it is just as well that it should be considered now. This House will have to have—I do not say more control—but it will have to be kept more in touch with the railway management of the country than it is at present.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions. Non-Muhammadian): Sir, we understand that the accounts of the railways have been commercialised and I should like to draw an analogy from the management of commercial corporations. We know that in all commercial corporations we have periodically a meeting of the shareholders. We have also such a thing as managing agents. Then we have the Chairman of the Board of Directors and the Board of Directors themselves. Now, if in all these corporations throughout the world which are run on a purely business basis the managing agents, the shareholders, the Board of Directors and the Chairman of the Board of Directors have definite duties to perform and responsibilities to discharge, I should expect that the system of railway management in this country would be assimilated to the management of these large corporations. Now, it is perfectly clear that, so far as the shareholders are concerned, a general meeting of the shareholders is impossible. But the representatives of the shareholders are in this House and for that purpose we may take it that the Legislative Assembly represents the body of shareholders who are the proprietors of the railways in India. Now, then we have the managing agents and I should expect that the managing agents who are the executive head of the railways in India might be regarded as the Railway Board who manage the railways in India on behalf of the tax-payer and the shareholders. And then we have the Board of Directors. Now, the difficulty is that in the railway management the managing agents and the Board of Directors are the same body of men. The function of the Board of Directors in a commercial concern is to lay down the policy and to check and control the work of the managing agents. But in the railway administration we have no such thing as approximates to the Board of Directors though we have such an official as the Chairman of the Board of Directors, and I should expect that the Honourable Sir Charles Innes is now fulfilling that function. I should expect therefore that in a successful commercial concern like the railways in India the Railway Central Advisory Council would be given some functions which would be akin to the functions discharged by the Board of Directors, and as the Board of Directors lay

down the policy I should expect that the Central Railway Advisory Council should also be given some power to lay down the policy which the Railway Board as the managing agents of the concern should ordinarily be bound to carry out. I submit that so far as the Central Railway Advisory Council is concerned, as has been pointed out by several Honourable Members, the meetings are held during the Session of the Legislative Assembly once or twice a year, and speaking for myself—and I have been a member of the Advisory Council ever since it was started—the only business that it does is to give its opinion on matters which are placed for its advice. The Railway Board and the Honourable Member in charge of Railways are not bound by the advice tendered by the Central Railway Advisory Council, nor is it necessary that in all cases that advice should be accepted. But what I suggest is that in order to make the Central Railway Advisory Council a real living organism, capable of guiding and controlling the policy of the railway administration in this country, a definite rule should be laid down giving it the power and charging it with the responsibility of initiating policy and guiding and controlling the policy of the railway administration in this country. At present the Central Railway Advisory Council is subject to no rules, except this rule that whatever agenda is prepared by the Railway Department is sent round to the members and the members meet for about an hour—it has seldom been more than an hour—and one by one the items of business placed before them are subjected to their vote and after that their opinions are recorded and the members disperse. That, I submit, is not a sound policy and was certainly not the policy laid down in paragraph 139 of the Railway Report. I find from this Report on the Railway Administration of India that in all countries the Advisory Councils, or what approximate to Advisory Councils, exercise vast powers. It is pointed out that “in no country was the control of railways more autocratic than in Prussia, yet it would probably be true to say that in the generation before the war . . .”—that has been read out. I repeat once more that the railways are subjected in all countries to a real control by some Council and I submit that in all countries commercial corporations receive their policy from a central body and here in the railway bureaucracy its policy is laid down by the managing agents or by the Honourable Member and no responsibility attaches to the Central Advisory Council and that is the reason why the Central Advisory Councils have not really functioned. The Member for Commerce nods his head disapprovingly. Well, Sir, that may be so, but I speak from experience and I think my Honourable colleagues who have sat in the Central Railway Advisory Councils will bear me out that so far as minor matters are concerned their advice is taken and so far as the question of policy is concerned they are sometimes consulted; but on the broad question of policy as to the administration and what is more the power of initiating policy and asking the Government to do certain things, the Railway Advisory Councils have no power. I would therefore suggest to the Honourable Member that definite rules should be laid down giving them larger powers, calling the meetings of the Central Advisory Councils oftener than has been the case in the past, and the powers and functions of the Central Advisory Council must approximate as far as possible to the Board of Directors who must act subject to the general supervision and control of the shareholders’ representatives represented by the elected Members of the Legislative Assembly. These are the suggestions, Sir, I beg to offer to the Honourable Member for Commerce and I hope he

[Sir Hari Singh Gour.]

will now initiate a policy giving the Central Advisory Council some real work to do and some real power and responsibility to discharge.

**The Honourable Sir Charles Innes:** When I hear my Honourable friend Dr. Gour make a speech like that I always wonder why or where he derived his reputation as a lawyer. I always understood myself that a lawyer had to speak very carefully and very accurately to his brief. Now, Sir, I think that the Honourable Member was trying to impress upon me the necessity of giving the Central Advisory Council the same power as the Central Advisory Council had in Prussia and in Poland.

**Sir Hari Singh Gour:** On a point of order, Sir. I never said that you should give the Central Advisory Council the same power as in Prussia. All I said was . . . . .

**Mr. President:** That is not a point of order.

**Sir Hari Singh Gour:** By way of personal explanation, Sir. I never said you should give the Central Advisory Council the same power as it possesses in Prussia. All I said was that you should give it some real power.

**The Honourable Sir Charles Innes:** I see, Sir, that even in his interjections the Honourable Member is inaccurate. At any rate the Honourable Member began to read out same passage from the Acworth Committee's Report which Mr. Kelkar had read before. He read that out in support of his proposal that the Central Advisory Council should be given the powers of a Board of Directors. Now, Sir, he said that they should have executive powers, the powers of initiating and controlling policy. The whole idea of the Acworth Committee—and I think Sir Purshotamdas Thakurdas will bear me out in this—in proposing the Central Advisory Council was that the Council should not have any particular power but that it should have great influence upon the railway administration. They definitely suggested that it should be an advisory council and should have no executive powers of any sort or kind. That is the only point I wish to make in regard to Dr. Gour's suggestion that we should give the Central Advisory Council powers of a Board of Directors. I do take exception very strongly to his suggestion that the Central Advisory Council has no responsibility and that it does not perform any particular useful function. I am quite prepared to agree that in forming a Central Advisory Council such as we have formed we did depart from the recommendation of the Acworth Committee. The Acworth Committee had the idea in mind of a Central Advisory Council outside the Legislature composed very largely of leading business men and representatives of other classes and bringing their influence to bear upon the railway policy of the country. Well, for reasons that may have been good or may have been bad, we definitely thought that in the first instance at any rate we should begin with a Central Advisory Council drawn from the ranks of our own Legislature; and I am glad to see that Mr. Neogy has come round to agree in that constitution. But, Sir, I want to challenge what Dr. Gour said. It may be that we have not had very many meetings of the Central Advisory Council but we have put before that Council several very important questions of policy, and we have received the very best advice from them. And I go on further to say that wherever we could we have acted upon their advice. For instance, the whole of our new proposals for training and recruitment were laid before the Central Advisory Council. They were criticised by the Central Advisory Council and we did try to alter the schemes in order to give effect to



their criticisms. I have here a list of the subjects that we have placed before the Central Advisory Council since it first came into existence. State *versus* Company management—that question was discussed with them

**Sir Hari Singh Gour:** Did you carry it out?

**The Honourable Sir Charles Innes:** Well, we have carried it out since. Strategic railways; branch lines; Local Advisory Councils on separation of Budgets; Rates Tribunal; amendment of the Railway Act to make travelling without tickets a cognizable offence; depreciation fund; provision for new construction; report on technical training, separation of railway finance; the North Western Railway contract for sleepers; technical training; stores balances; purchase of stores; Railway School of Transportation at Chandausi; financing of branch lines; locomotive building in India; recruitment and so on. Only two serious criticisms have been made to-day in regard to the Central Advisory Council. One is Mr. Neogy's suggestion that any member of the Central Advisory Council should be allowed to bring up subjects for discussion. The present position is that only those subjects can be brought before the Central Advisory Council which the Member in charge wishes to have their views on, but it is understood that if members want to have questions discussed they can send in those questions to the Chairman of the Central Advisory Council and I will undertake that they will be considered. Mr. Neogy tells me that he sent in certain subjects for discussion and apparently I refused to allow them to be discussed. Well I do not remember what those subjects were, but probably in my opinion they were entirely unsuitable for discussion. But in any case we can make it a rule that members of the Central Advisory Council who want subjects to be put down for discussion by the Central Advisory Council should send in their suggestions to the Chairman, and I will undertake—and I will give the assurance here and now—that those suggestions will be considered. I am quite prepared to make that suggestion. Then Mr. Cocke has suggested that we should meet more often. I am also prepared to take that suggestion into consideration. Indeed I may say that all through this debate I have had suggestion after suggestion not only in regard to the Central Advisory Council but the Local Advisory Councils as well. Our invariable practice after a debate of this kind is to make an examination of all that has been said in the debate, and I will undertake that all the suggestions made in the debate, whether in regard to the Central Advisory Council or in regard to the Local Advisory Councils, will be most carefully considered.

As regards Local Advisory Councils I may say I have derived a great deal of encouragement from this debate. I think I am correct in saying that Honourable Members in this House were at one time rather inclined to scoff at these Local Advisory Councils, and I am very glad to note from to-day's debate that Honourable Members are indeed I think beginning to realize that these Local Advisory Councils are performing a useful function. Certainly, that is the experience of our Agents and I have had the personal testimony of many Agents that they did find these Local Advisory Councils of great service to them. As regards the criticisms which have been made of the composition of Councils—well, Sir, this is one of the cases in which I did take the advice of the Central Advisory Council, and the instructions which were issued to the Agents in regard to the composition of the Local Advisory Councils were the instructions which I decided on in consultation with the Central Advisory

[Sir Charles Innes.]

Council, and I did carry out the Central Advisory Council's recommendations in that case. The trouble of course is that as these Local Advisory Councils get more and more influence, more and more bodies wish to be represented on them, and it is a matter of great difficulty to provide for the representation on these Local Advisory Councils, which to be useful, I think, ought to be comparatively small bodies, of all the bodies who would like and in many cases ought to be represented on it. Mr. Jayakar, who I regret to see is not in his place, complained that he had to resign from the Great Indian Peninsula Local Advisory Council because he had ceased to be a Member of the Local Legislature, and he seemed to put that down to the wickedness of the Agent of the Great Indian Peninsula Railway. What I think happened was that he was one of the three representatives of the Legislative Council of the Government in whose jurisdiction the headquarters of the railway are situated. These Members should be selected to represent the rural interests of the travelling public. We said in our Resolution that those representatives of the Legislative Council need not necessarily be Members of the Council. But I have no doubt—I think I am correct in saying—that the Local Legislative Council took a different view. They wanted to be represented on the Local Advisory Committees, and I believe I am correct in saying that they passed a Resolution to the effect that there should be a sufficient number of their body to represent them on the Local Advisory Committees. At any rate I do feel that these Local Advisory Councils are beginning to make their weight felt. I am quite prepared to admit that they probably vary from railway to railway possibly in accordance with the personnel of the Agents. But I have here a letter which has given me great pleasure. It is a letter written to the Agent of the Bombay, Baroda and Central India Railway and it is a letter which Sir Purshotamdas Thakurdas, who wrote it, has given me permission to read. He says:

"I wish to record my opinion after working on your Committee that the hopes and expectations of the members of the Acworth Committee can be said to have been realized."

Now, Sir, that shows that on one Railway at any rate the Local Advisory Committee is doing very excellent work, and I think that it may also be said that on other railways too they are doing excellent work. I hope Honourable Members will be satisfied with the assurance I have given. I shall not attempt to follow up the various suggestions that I have noted down here, but I will give the assurance that when we get the record of this debate, all the suggestions made will be carefully taken into consideration. In the circumstances, I hope Mr. Kelkar will withdraw his motion.

**Mr. N. O. Kelkar:** Sir, in view of the explanation given, I have no objection to withdrawing my motion.

The motion was, by leave of the Assembly, withdrawn.

*Railway rates of Freight in relation to the Indian manufacturer.*

**Mr. N. O. Kelkar:** Sir, I wish to move the amendment that stands against my name as No. 9. I wish to point out in the first place that there is a misprint in the words in brackets; the words should be "Grievance of railway rates of freight in relation to the Indian manufacturer." Sir, during the last few days in which we have been discussing the Railway Budget and the Demands, this House has been I think doing very benevolent work.

(At this stage Mr. President vacated the Chair, which was occupied by Mr. Deputy President, Maulvi Muhammad Yakub.)

This House has been doing in my opinion very benevolent work, namely, the work of enabling the Railway Department to discover for itself that it has great imperfections. One of the imperfections is,

4 P.M. I think, that it has no national soul or conscience, and I think that that charge has been proved to the very hilt with reference to the question of wagons, stores purchase, the scheme of Indianisation and other things; and in the question which I wish to bring up I think I shall only do my bit to add to that benevolent work of enabling the Railway Board to discover that it has got no national soul or conscience. The question I am taking up is the bad treatment which the Railway Department gives to Indian manufacturers generally, whereas it should be the care and the concern of the Department specially to look after these nascent and infant industries in the country and give them as much help as the Department by itself could give. We all know that Indian industries are dependent for their success upon many things. First of all, there is the question of capital, then there is the question of raw material, then there is the question of local facilities, then protective duties, bounties and protection and preference in railway freights. On the present occasion I am concerned only with the question of railway freights. The other questions of course have got their own importance, but the present is not the occasion, I think, for bringing them in. This question of the indifference of the Railway Department to the interests, to the genuine interests of the Indian manufacturers and traders, this grievance is a very long standing one. In this very House—by that I mean the old Supreme Legislative Council—this question was discussed at great length in the year 1915, when Sir Ibrahim Rahimtulla, who represented Bombay at that time, very forcefully discussed this question and brought home to the Government the neglect with which they treated Indian manufacturers. That was in the year 1915, the year after the War. And with his foresight he saw that after the War was over Indian industries were bound to suffer when they would be face to face with the revival of British and European industries after the close of the War, and, he gave a distinct warning then that, unless Government were prepared to mobilise all their resources and put together all their patriotic instincts in the matter of giving preference and protection and other kinds of help to Indian industries, Indian industries were bound to go to the wall. That was the warning which he gave and he said that the demonstrations you hold and the amount of lectures you give in this matter of the industrial regeneration of India is of no avail actually. In that particular Resolution, the question which was brought up by way of giving aid to the Indian industries was the question of capital. I am not referring to that subject here. I am quite sure that since that time Indian capital has become less shy and more bold. It is coming out in large quantities. Small manufacturers are now putting forward their capital, either their private capital or capital raised in the manner of joint stock companies. I am also prepared to recognise that Local Governments have been doing their bit to encourage local industries by giving such local facilities as may be necessary, but beyond that they cannot go. It is not in their hands, as I will presently show, to help Indian industries in the matter of protective duties, for which they have got to come to this Assembly, or bounties which is the latest in that direction, or railway freights, because

[Mr. N. C. Kelkar.]

the Railway Department is an Imperial business. Government themselves have had experience even after the War, I think, about the failure of carrying on Indian industries to a successful issue, and in this connection I would remind the House of one great industrial failure that happened in Madras when a big factory carried on with Government capital was brought into liquidation and was practically there for sale to anybody who might like to take it. There was the other instance of the glass factory at Jubbulpore. The Central Provinces Government, I think, spent about two lakhs of rupees over that concern, and ultimately it was knocked down for the small sum of ten thousand rupees because no one would take it. Now, when Government with their own large resources cannot make the Indian industries come into existence and cannot set them on their feet, you can very easily imagine the great difficulty which may be experienced in this matter by owners of small factories.

Now the demand in connection with this point that I am bringing before the House is not one of general reduction of rates. The demand is limited and in relation to particular industries located in particular localities who wish to have preferential and easy rates for the transportation of their goods. But the tendency of the Railway Department is generally to favour imports going from ports to the interior, so far as manufactured articles are concerned, and to favour the export of raw materials from the interior to the ports. This policy, of course, has got to be changed. That is our demand and if the limited demand that I am making is gracefully conceded, it will ultimately be found that the Railway Department is not a very great loser. If the demand were for a general reduction of rates, then they may naturally bring forward the question as to what rates traffic will bear and what rates traffic will not bear, or the question what rates it would be legitimate to charge for particular traffic, and what rates not to charge for particular traffic. Again I say I am not bringing forward that large or unlimited question but only the limited question of the Railway Department making investigations and paying attention to the requests made by Indian manufacturers to give them preferential or protective or easy rates. In this matter I am going to give one or two or three instances, and even then, in order that it may not be considered that I am giving a kind of political colour to the question I am bringing forward, I will not act the part of the middleman but like a common carrier I will actually deliver the goods of the complaints as put forward by the complainants.

I will first take the case of the Kirloskar Brothers, who are producers on a small scale of steel and iron things. The three particular articles, however, of which I wish to make mention are ploughs, chaff-cutters and small cane crushers. Now all these three are really agricultural implements as any fair-minded man will see for himself. What happens, however, in the case of the rates given by the railway company to Kirloskar Brothers is this. They only recognise ploughs as railway implements but chaff-cutters and crushers the railway company is not prepared to class favourably, and they are given only second class rates. The ploughs of course are given first class rates. Note however in connection with this that foreign sugarcane crushers of a small type and worked by bullocks, exactly similar to those supplied by Kirloskar Brothers, are classified by the Customs Department as agricultural implements and allowed to come into the country without any payment of customs duty. But Indian cane

crushers of the same type are not regarded by the railways as agricultural implements. The Customs Department takes one view and the Railway takes another view. But let it not be said that the attention of the Railway Department to the iniquity which was thus perpetrated was not specifically drawn to this question. What happened in this particular case was this. The case was taken by the manufacturer to the Agricultural Department, which is supposed naturally to look after the manufacturer who supplies agricultural implements. There at the head of the Bombay Agricultural Department we have got Dr. Harold Mann. He took up the case and he endorsed the petition of Kirloskars and sent it on to Government. In that he wrote as follows:

"The position they (the Kirloskar Brothers) take up and in which I strongly concur is that the classification of the small crushers as Sugarcane mills and component parts is wrong. The sugarcane mills referred to in this classification are those large machines used in industrial undertakings and not the small crushers which a man obtains as part of his ordinary farm equipment just as he gets a plough. These are agricultural implements pure and simple and should be treated as such."

I will close this point by saying that this recommendation of the head of the Agricultural Department, though it was forwarded with a recommendation of their own by the Bombay Government, the Railway Department disregarded and did not act upon. They stuck to the view that these cane crushers and chaff-cutters were not agricultural implements and second class rates were charged on them whereas only first class rates should have been charged. Foreign agricultural implements at any port in India pay exactly the same freight c.i.f. That is my information. If I am wrong, I may be corrected, but I am told that foreign implements of this kind reach any port at the same rate of freight. That means that they reach different ports where the manufacturer in the interior of course cannot compete with them. They have got that initial advantage and facility. Now I recognise this fact that I must not bring up the question of competition between water rates and railway rates. I recognise the fact that water rates will necessarily always be lower, but what I wish to bring to the notice of this House is the fact that these foreign implements have a kind of protection already given to them, and in order to countervail that protection and balance that advantage, it is the business of the Railway Department to pay special attention to the rates to be given to Indian manufacturers. Then again I wish to draw the attention of the House to one or two allied things in this matter. That of course is not a question of agricultural implements, but the facts which I am going to place before the House will illustrate how Indian manufacturers have got to work at a disadvantage in the matter of foreign competition. This is the information supplied to me by the Kirloskar Brothers. Mild steel bars from Tatanagar to Bombay cost Rs. 35 per ton as railway freight. The same ton of steel bars shipped from Antwerp cost Rs. 27/8/0 to reach Kirloskar Wadi. Now out of this freight Rs. 9/8/0 is water freight about which we cannot complain and the remaining Rs. 18 is freight from Bombay to Kirloskar Wadi which is a distance of 254 miles.

The case also should be mentioned of the match factories, and in that connection I will only give one instance which I have got from the manufacturers of matches at Karhad. They say, they wrote to me—to name only one instance—that the railway freight for matches from Karad to Bangalore is higher than the freight from Bombay to Bangalore. In this case of course water freight does not enter at all. It is a question of only

[Mr. N. C. Kelkar.]

railway freight and this I think illustrates how the Indian industry is very badly treated in point of rates given to them.

Then again Kirloskar Brothers point out the disadvantage they have got to work under and it is this. Referring to their steel articles they say :

"If mild steel bars can be had at Rs. 7 per cwt. nuts and bolts can be had at Rs. 10-8 per cwt. in Bombay. Notwithstanding this exceptional position in the bolts market our condition has been further aggravated by the adverse location of our plant because we are required to pay a railway freight of nearly 1½ per hundredweight on the mild steel bars brought into our factories and one more rupee per hundredweight on the manufacture of nuts and bolts which we are required to take back to Bombay again for selling, it being the only large centre of distribution. This alone brings the cost of our raw material approximately to the cost of the above nuts and bolts in Bombay, let alone the additional manufacturing cost and other expenses. This means that since the manufacturing of nuts and bolts was undertaken by us we are put to a loss of Rs. 300 to Rs. 400 per week with the consequence that we are practically required to close this department."

I go on to the case of the glass manufacturers; and in this connection I will read a paragraph or two from the representation which a number of glass manufacturers in India together have presented to the Railway Board. I suppose that is being considered now by the Tariff Board. This is a representation made not by a single glass manufacturer but by many of them who are practically spread over different provinces. They are :

The Ogale Glass Works, Ltd., Ogalewadi, Satara.

The Paisa Fund Glass Works, Talegaon, Poona.

The U. P. Glass Works, Ltd., Bahjoi, Moradabad.

The Ganga Glass Works, Ltd., Balavali, Bijnor.

The Bengal Glass Works, Ltd., Calcutta (Ebram Peer Mahomed & Co.)

The Onama Glass Works, Gondia, C. P.

And now will come forward the case of the Jubbulpore Glass Works which was recently bought, as I said, for Rs. 10,000 a property worth about 1½ lakhs bought by a Poona manufacturer for about Rs. 10,000. Of course he is in the same predicament as the other glass manufacturers and he also, I suppose, will join in this demand for protection.

Now, what they say in their representation is this :

"At present there is an *ad valorem* import duty of 15 per cent. on soda ash which is used in large quantities in the manufacture of glass and which has to be imported. This duty is a positive handicap to this industry" . . .

**The Honourable Sir Charles Innes:** I rise to a point of order, Sir . . .

**Mr. N. C. Kelkar:** Of course that does not concern your department, but just wait and you will see that it is relevant as showing that they are already suffering from the initial disadvantage: That prepares the ground for the attack on your department:

"The crucibles or pots which have also to be imported to a great extent have to pay an import duty of 15 per cent. Facilities for transporting by rail the finished products are not what they should be. Indian railways have so far pursued a policy in this respect which has certainly not been very encouraging to the growth of indigenous industry, railway rates schedules having been based on high and indiscriminate bases. It is but natural for us to expect the Indian railways to give preferential treatment to the products of Indian industries and to remove certain unreasonable restrictions and obligations imposed on the booking of glassware. The traffic conditions relating to raw materials required

For the finished products turned out by the Indian glass industry should be made more favourable, and since everything has come down to the pre-war level, the railway rates which were substantially increased from 1919 to 1922 should be reduced to that level. But they still continue to be high, though a slight reduction is made in the case of coal alone."

And now they give the reasons:

"Concentrated glass industry will not be a boon to a vast country like India since hollow and fragile wares require a far higher cost to transport them than that required for the transport of their raw materials. The works must therefore remain scattered over the country as at present, serving the needs of local areas. This proves the necessity of making raw materials mobile as far as possible by giving facilities for their easy and cheap transport."

Now, Sir, I will conclude by drawing the attention of the Railway Board to a paragraph in Mr. Acworth's book on Railway Economics. It directly bears upon this question. He is there discussing the question as to what rates traffic will bear. He has tried at length to elucidate that question; but what is pertinent to my point is only this:

"The real meaning of the phrase is that, within the limits already described—the superior limit of what any particular traffic can afford to pay, and the inferior limit of what the railway can afford to carry it for—railway charges for different categories of traffic are fixed, not according to an estimated cost of service, but roughly on the principle of equality of sacrifice by the payer. So regarded, 'what the traffic will bear' is a principle, not of extortion, but of equitable concession to the weaker members of the community. Had Railway managers in the past declared that their principle was 'tempering the wind to the shorn lamb', their descriptive accuracy would have been equally great, while their popularity might have been greater."

I would only conclude with drawing the attention of the Railway Board to be kind-hearted and to temper the wind to the Indian shorn lamb.

**Mr. T. C. Goswami:** Sir, it is certainly not my fault, and, in my humble judgment I do not reckon it my misfortune, that I have not yet attained my second childhood; but it may be an explanation of the undeniable fact that I do not always understand the points that Sir Charles Innes attempts to make or thinks he is making. Sir, in his usual, typical, peroration, winding up the general discussion on the Railway Budget . . .

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): On a point of order, Sir. Are we not discussing Mr. Kelkar's motion?

**Mr. Deputy President:** He has just started, and that is a preliminary. He is perfectly in order.

**Mr. T. C. Goswami:** Sir Charles Innes took me to task for having casually mentioned in my speech the question of railway rates. I do not remember whether he said that the question was "obsolete." If he said or implied that the question was obsolete, I venture to suggest that it was for Sir Charles Innes, and not for me, to study facts and read up. If, however, he meant that the question of railway rates is an anachronism, I would certainly endorse that proposition in the sense that differential railway rates should have been abolished by this time.

**The Honourable Sir Charles Innes:** What do you mean by differential rates?

**Mr. T. C. Goswami:** You know very well that I am referring to rates which are preferential to foreign importers and exporters.

Sir, my Honourable friend, Mr. Kelkar, has given several instances. I do not propose to multiply them; but I wonder if the story of Brunner Mond and Company has been fully told. They are, I understand, among the largest manufacturers of alkaline products in Great Britain: with a

[Mr. T. C. Goswami.]

Capital of something like 40 million pounds; and we know that Ahmedabad is a large consumer of alkaline products, such as soda ash, and that it has been a long-standing grievance that rates on imported materials are favourable as compared with rates at which Ahmedabad can be supplied by local manufacturers. I am bringing this to the notice of the Railway Member. It may be that the grievance is no longer acute, but I cannot find that it has been removed.

Sir, it was only within the last year or two that the coal-freight scandal,—the word ‘scandal’ has been used and permitted in this House and I propose to employ it,—the coal-freight scandal with regard to Ahmedabad, exposed by Mr. Kasturthai Lalbhai when he was a Member of the Assembly, was removed, as a consequence of that exposure. I will not weary the House with references to the actual Proceedings, which, however, I have got ready here.

Then, Sir, I can give you another instance,—with regard to Sholapur. The Sholapur Mills have made a representation without any effect, that rates are more favourable to Bombay manufacturers and to importers with regard to markets at Calcutta, Cawnpore, Amritsar, etc. On this point, there is an official answer given as late as February the 1st, 1926, in reply to a question in the Assembly by Mr. Kumar Shankar Ray; the answer was, “the rate from Bombay to Calcutta is Rs. 1-8-0 per maund and from Sholapur Rs. 4-8-0 per maund”. And there was this additional rider,—“The Bombay rate was reduced in December, 1924, owing to the competition of the sea route, which factor does not operate in the case of Sholapur.” Now, I do not wish to multiply instances, though I could easily do so. But I do wish again to say that the question of railway rates is not yet obsolete. I wish, I sincerely wish, the Railway Member were in a position actually to say that this is an obsolete question to-day.

Sir, the Honourable Sir Charles Innes was good enough to impart a little advice to me the other day. May I gratefully offer him in return some advice too? Whenever he is charged with any irregularity in the railway management and he does not find arguments enough to justify himself, he exclaims, “But I am an honest man!” He uses that argument, if it is an argument, so frequently that I am reminded of a conversation which is reported to have taken place between two literary men, in a café in Paris. The English literary man was discussing with the French literary man contemporary literature and contemporary critics of literature; and the English man of letters in the course of argumentation suddenly exclaimed, “But do you not think I am a genius?” The Frenchman, who was at first taken aback, after recovering his composure, said, “*c’est comme disent les marchands de plaisir*,”—which literally translated would be something like this: “That is how the professional purveyors of pleasure advertise themselves!” Sir, I quite admit, and I verily believe, that there are honest men in the administration which as a whole we condemn. I verily believe that there are men who inside the administration fight for correcting the administration. There is a sort of martyrdom in that, because these men are precluded from criticising the administration publicly, while they have to bear criticism which perhaps they personally do not merit. Sir, there are only two courses open for such men, either to endure that martyrdom, which is not without a real reward in their consciousness of



right and the blessing of self-satisfaction, or to turn rebels against an iniquity in which they are no longer able to participate.

**The Honourable Sir Charles Innes:** Sir, my Honourable friend Mr. Goswami tempted me the other day to depart from my usual practice and I in common language "went for him". If he will excuse me I do not propose to do it again. But, Sir, I really am surprised at the Honourable Member. The other day he definitely accused the Railway Department of manipulating the railway rates so as to favour exports and imports at the expense of local production. I think he will bear me out. That is what he said. The reason why I called that a hoary fallacy was because I thought that that statement had been pinned down once and for all by the Report of the Acworth Committee, which was after all composed of my Honourable friends, the Right Honourable Srinivasa Sastri, Sir Purshotamdas Thakurdas and many other distinguished Indians as well as Europeans. They have definitely stated as follows:

"In one respect, at least, the Indian railways have refrained from following the accepted railway practice in other countries. It is usual in most countries to concede for export traffic through a seaport rates which are not available to that seaport for local traffic; and *vice versa* in countries which adopt a Free Trade policy, to fix lower rates for the carriage inwards of goods imported through a port than for goods produced locally at the port town. This practice is not, so far as we have been able to ascertain, followed in India. Bombay receives from up-country large quantities of raw cotton, part of which is worked up on the spot and part exported. Similarly, Bombay distributes to up-country points large quantities of cotton cloth, part of it locally manufactured and part imported. The raw cotton rates down to Bombay port and to Bombay town are the same, and so are the manufactured cotton rates upwards. The same principle, we understand, is applied elsewhere, in the case, for instance, of the great Calcutta jute trade."

Sir, there is the Acworth Committee's Report definitely examining that old charge against the Indian railways and definitely stating that it is without foundation, and yet year after year we find it repeated in this House and elsewhere. Mr. Kelkar is labouring under the same delusion and I do hope that Honourable Members will remember once and for all that that charge has been exploded by the Acworth Committee and that we shall hear no more about it.

Mr. Goswami referred to Mr. Kasturbhai Lalbhai's complaint of what he called the coal freight scandal. I am totally unable to understand what he meant by it. He also referred me to what he called the Sholapur cotton rate scandal.

**Mr. T. O. Goswami:** That I did not call a scandal.

**The Honourable Sir Charles Innes:** But I think he said scandal with regard to coal freights. In any case "scandal" is such a common word with Mr. Goswami that I may be pardoned if I attribute it to him a little too often. What I would suggest to Mr. Goswami and to Mr. Kelkar with reference to his complaint with regard to sugarcane crushers being wrongly classified is that we have now set up the Rates Advisory Committee. The Rates Advisory Committee exists for the purpose of investigating cases of this kind. If any Honourable Member of this House is interested in any industry which industry complains that it is not getting fair treatment in respect of railway rates, either on the ground that preferential rates are given to other industries or on the ground that the rates are unreasonable in themselves, I do hope that they will tell that industry that it can get its remedy by applying to the Rates Advisory Committee and that that Committee will examine the whole matter. Mr. Kelkar will realise that

[Sir Charles Innes,]

it is quite impossible for me to say anything about the question of cane crushers, nor can I deal with his complaint about bolts and nuts. As I heard him speak, it seemed to me that the trouble with regard to bolt and nut manufacture was that the manufacturers had placed their factory geographically in the wrong place. That very frequently happens in India. But I do want Mr. Kelkar and this House to understand that it is not true to say that Indian railways have in any way any bias against Indian manufactures or that they do not give concessions to Indian manufactures. I have here taken out in the last few days from our tariff rates a list of the special concession rates given to Indian manufactures in India, and if the Honourable Member will look through this list of special concessions, he will see that Indian railways do their very utmost to encourage infant industries by way of freight concessions. The House will no doubt remember that within the last two years we have had reports from the Indian Tariff Board on the Indian steel industry, on the Indian paper industry, on the Indian cement industry and on the Indian magnesium chloride industry to which I think Mr. Goswami referred. It is a very noticeable fact that in each and every one of those reports we find the Tariff Board recording the fact that those industries had been helped by special concessions from the Indian railways. In the case of those four industries special concessions had been given by the railways and I have here a list of other special concessions. Mr. Kelkar complained about glassware. I find that on the East Indian Railway special reduced rates are given from Naini to all stations on that railway. In respect of bottles, chimneys and globes and other things made at the Naini Glass Works special reduced rates are given here—bottles, chimneys, globes, stoneware, tanning extracts, iron, steel, and so on. I would be very glad afterwards to show this list to Mr. Kelkar, and when he sees it I hope he will realise that we have given special concession rates to local industries. And why do they do it? They do it because it pays them. If an Indian railway thinks that by encouraging or helping an Indian industry by giving reduced rates it will enable that industry to flourish and bring more traffic to the railway, then you may depend upon it that special freight concessions will be given. With us it is merely a matter of business. If we see that by giving these concessions we shall get more grist to our own mill, Indian railways will have no hesitation in giving the concession and that is the policy we are following and have always followed. That is the policy we are following with regard to the Tata Iron and Steel Company which has got a most valuable concession from the Bengal Nagpur Railway in respect not only of its iron and steel but also of some of its raw materials. In the circumstances I hope my Honourable friend will withdraw his amendment.

**Mr. N. C. Kelkar:** In view of this statement, I withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

*General control and supervision, Indianisation, regulation of capital expenditure, etc.*

**Pandit Nilakantha Das** (Orissa Division: Non-Muhammadian): Sir, I move that. . . . .

**Mr. Deputy President:** The Honourable Member will see that the first portion of his amendment has already been discussed and, therefore, I hope

he will confine himself to the last portion of his motion that has not been discussed.

**Pandit Nilakantha Das:** Control and Indianisation—these are the two subjects that have been discussed. But when I put down those two words, I may say, I meant this. By control I rather meant the control of finances and by Indianisation I meant that the services should be Indianised so far as the Indian standard of living was concerned.

**Mr. Deputy President:** What the Chair has said is that the same matter should not be introduced, which has already been discussed.

**Pandit Nilakantha Das:** That is exactly what I mean, if you will allow me to expand it . . . .

**Mr. Deputy President:** Go on.

**Pandit Nilakantha Das:** I shall do it very briefly, as it is getting late. I should only like to suggest that we are having services at an enormous cost, and so far as our labour as well as the lower rank of service is concerned there is a real grievance. All over the country I admit it is a standing grievance. But how can we satisfy it? My friend Mr. Ranga Iyer said "Let the Anglo-Indians and Englishmen get whatever they like and we Indians in service should get the same thing". Now, I do not know where the money is to come from. Are the entire earnings of the tax-payer in our pockets to be given? Why should not the services be Indianised in this sense, that if the Anglo-Indian and the European gets 1,000 and the Indian gets 200, the pay of the Anglo-Indians and Europeans should be brought down to 200. Why should not they adapt themselves to the Indian standard of living? It is high time that our services were remodelled accordingly on a new set of regulations. It was only the other day that our brothers in South Africa were forced to adopt the English or Western standard of living or else they would have to leave the land under a system of assisted emigration. If we go on like this in our Indianisation by raising salaries by competition, the day may come when even in our home in India we should have some assisted emigration in store for us. Or, just the other way about; let us rather have a "Round Table Conference" and we shall be ready to pay for the assisted emigration of those who refuse to adopt the Indian standard of living in this land. This will solve the problem. I wish to press this point of view of real Indianisation upon the House.

Another matter is control of finances. So much of the tax-payer's money is coming in to our hands, but we do not know how to curtail our expenditure for the proper relief of that tax-payer. I have not got the books here. (Laughter). Nor is there time for quoting figures. Year after year our expenditure is growing more and more. One thing has struck me particularly in this Budget. We have been given by our Honourable friend Mr. Parsons a comparison of accounts under the 1s. 4d. and the 1s 6d.\* ratio, where it must be presumed, according to the view taken by the Members of the Government, that our living, etc., has been adjusted to the latter new ratio, at least to a certain extent, and so we get in the income at least one anna if not two annas more in the rupee. But what regulations are there in contemplation to make that reduction in the expenditure in view of the fact that we are getting so much more money from the tax-payer? And without considering that, we boast that we have given relief to the third class wayfarers or, say, the first class passengers. What do we give? That means nothing. We have taken much more and it is

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high time for us to contemplate some proper regulations for reducing the expenditure if, of course in this instance, the ratio is not so unreal as it may come down any day.

These are the points I wanted to make, and they are to some extent evidently inter-related. As I find now that my proposed reduction is one hundred rupees . . . .

**Mr. Deputy President:** No, one hundred rupees are not now left. If the Honourable Member wants to have a cut of one hundred rupees then I am afraid he will have to cut down his speech.

**Pandit Nilakantha Das:** I know there is not enough money left in the Demand to allow of my cut. Only Rs. 98 is left. Therefore, I propose that the demand be reduced by Rs. 97.

[At this stage Mr. Deputy President vacated the Chair which was resumed by Mr. President.]

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): Sir, I think the House will realise that the Honourable Pandit Nilakantha Das has given me rather a difficult task. For I do not find it very easy to discover on exactly what point, in the motion which he has moved, he has been attacking the railway administration. So far as I was able to follow him I think that his suggestion was a general reduction in the pay of all—I am not sure whether it was officers or subordinates?

**Pandit Nilakantha Das:** I said some regulations to the effect in contemplation, or a Round Table Conference if you like.

**Mr. A. A. L. Parsons:** I am afraid I am still in the dark as to what the exact point of the Honourable Member was and therefore I can really do nothing to meet it. And there I must consequently leave it.

**Mr. President:** The question is:

“That the Demand under the head ‘Railway Board’ be reduced by Rs. 97.”  
The motion was negatived.

**Mr. President:** Before we proceed further I should like to make one observation. I do not know whether there is any real disposition on the part of the House to get on to the more important Demands for Grants. On the one hand I have been receiving requests signed by several Members that I should sit late to-night in order to enable the House to discuss other more important Demands, and on the other hand I find Member after Member getting up and moving cuts of Re. one on Demand No. 1. I am willing to sit as long as the House desires, but I would like Members to proceed in a businesslike manner so that they may get on to other more important business.

I take it that Members do not wish to raise any further question on Demand No. 1?

**Colonel J. D. Crawford** (Bengal: European): Yes, Sir, I wish to.

**Mr. President:** Colonel Crawford.

*Reduction of freight on Petrol.*

**Colonel J. D. Crawford:** Sir, I rise to move:

“That the Demand under the head ‘Railway Board’ be reduced by Re. 1.”

My object, Sir, in bringing forward this motion was to concentrate the attention of the House on the question of the freight on petrol. As the House is aware, I was one of those who had been considerably interested in the development of motor transportation throughout India, and I am alive to the fact that the Honourable the Commerce Member is sympathetic towards that object, and that I have with me the House, as so many Members supported me in ballotting for a Resolution for the appointment of a Committee to study the whole subject. For that support I am very grateful. But that is only one method whereby we can force the development of motor transportation, and I wish to take this opportunity of drawing the attention of the House to the very high freight which is now charged on petrol. Those Honourable Members who come from the ports, where we pay Re. 1-4-6 pies per gallon must have noticed how very heavy is the cost of petrol when we get up to the mufassil. Here, for instance, we pay a sum of Re. 1-12-6 pies per gallon. A study of the subject will show that the freight on one gallon of petrol from Budge Budge to Delhi works out at 6½ annas a gallon, and I feel that if that high freight is to remain, it is one of the factors that are definitely preventing the development of motor transportation in the mufassil. So far as I can understand the position, the Railway Board fixes the grade in which a particular commodity shall be carried. They have fixed the minimum and maximum rates at which petrol shall be carried, and I believe that the rate at the present time lies between a maximum and a minimum of '83 pies per maund per mile to '166 pies, and that particular railways have the right to move within these boundaries. But I find that they do not move very much away from the top rate, and that '83 pies per maund per mile is the freight generally charged on petrol. Now what we want to get at is to endeavour so far as is possible to reduce the distribution cost of petrol in the mufassil, and I believe that that can be done . . . . .

**Mr. Arthur Moore** (Bengal: European): Sir, is it correct to describe the capital of India as the mufassil?

**Colonel J. D. Crawford:** I believe that that can be done if we develop the transport of petrol in bulk; and what I particularly want to press on the Railway Board is that they should themselves take a hand in this question and not leave it entirely to the different railway administrations, and that they should encourage the carriage of petrol in tank wagons. I believe that by these means the whole of the cost of distribution of our petrol, particularly in the mufassil areas, will be very considerably reduced. There is some suggestion, I believe, that the oil companies themselves could do a great deal more. I know that they are already doing a very considerable amount on their side to reduce this cost of distribution, and I for one shall not fail to continue to press on them that they do their part. What I want to do to-day is to ask the Railway Board if they cannot also assist in cheapening motor transportation throughout the mufassil. The Finance Member has already done something in the way of reduction of the excise duty. The Commerce Member, as the head of the Commerce Department, is prepared to assist in the consideration of the whole question by appointing a Committee and I ask the Railway Board if they cannot do something to bring in something in the nature of telescopic rates for petrol carried in tank wagons. I am under the impression, perhaps wrongly, that the mentality of many of the railway administrations is that they are likely to meet with competition from motor transportation, and

[Colonel J. D. Crawford.]

possibly their attitude towards this question is looked at from that mentality. I hope that is not the case and I know that Sir Clement Hindley takes an entirely different point of view. I believe that in a monopoly service like our railways, the policy is that they should give cheap and efficient service compatible with an adequate return on their capital, and that is the principle that I would like them to adopt in this question of petrol; I hope that the Railway Commissioner will be able to give me an assurance that something will be done to see whether this freight on petrol carried in tank wagons cannot be reduced.

**Mr. O. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadian Rural): Sir,

**Mr. President:** Does the Honourable Member wish to raise a point of order?

**Mr. O. Duraiswamy Aiyangar:** No. Sir. I want to speak on this motion.

I own a motor myself and still I oppose the motion made by Colonel Crawford.

**Sir Clement Hindley:** Sir, the question of competition between motor transportation and the railways is one which naturally gives us a great deal of anxiety and calls for most careful examination. I have no doubt that Honourable Members are aware that in other countries this matter of motor competition with railways has assumed in some cases a very serious aspect and I have noticed recently that railway managements in England, where competition is very keen, have been considering their general policy and attitude towards road competition. We also have had the matter under consideration and I have discussed it with the Agents of all railways on two occasions during the last year. I found that we had a general agreement amongst us, that is to say, myself and the Railway Board and the Agents of all railways, that where road motor transport could act as feeders to railways and as an extension of the transport provided by railways we had every inducement to foster it and to assist it, and in many directions the different railway administrations are now seeing to what extent they can get into business relations with motor transport companies for extending the railway transport services. Where road motor traffic comes in competition with us, the matter is not so easy. There are certain points where it is quite impossible for us to compete—short-circuiting roads and so on—and it is very difficult to attempt to reduce railway rates in order to compete. Where, however, we have what we call paralleling services and where we consider it a business proposition, it is the business of the railway administrations to do their best to compete with road motor transport by offering better and cheaper services if possible on the railways. That is the general policy which we have in regard to road motor transport and I do not think that anyone will quarrel with that. But when it comes down to the particular point which Colonel Crawford has mentioned, we have to see how that policy applies to the question of freight on petrol. Now, in the first place, I find that all railways are charging the same rates for petrol. I mention that, because it might be assumed that certain railways charge higher rates in order to prevent road motor transport being carried on. That is not the case. There is a uniform rate. The Railway Board prescribe the maximum and minimum rates for petrol and all

railways, except the Assam Bengal Railway and the Eastern Bengal Railway, charge at that rate and no less. Special rates have been

5 P.M. quoted by the Assam Bengal Railway for the petrol which comes from the Digboi oil-fields in Assam. The rate is. I consider, a low one looked at from this point of view, that it plays a very small relation indeed to the price of petrol itself. Colonel Crawford has, I think, quoted the rates. My information is that the maximum rate is 1.04 per maund at railway risk, .83 per maund at owner's risk and the minimum .166 per maund per mile. My point is that the railway freight is a very small part of what we have to pay for petrol when we buy it. Colonel Crawford mentioned that he pays in Calcutta Rs. 1-4-6 per gallon for petrol, whereas we pay here Rs. 1-12-0 per gallon. Now the actual freight from Calcutta to Delhi is 5 annas. It would be interesting to know how the 8 annas difference between the Calcutta and Delhi rate is made up. 5 annas is what is paid on railway freight between here and Calcutta.

As an instance of the relative value of the freight to the petrol, I would mention that it is possible to carry petrol for 400 miles for one-tenth of its selling value, and it cannot really be said that the rate charged by the railway really affects the price which we pay. I am not in the confidence of the oil companies and therefore do not know how they arrange their selling prices in various parts of India, but I do feel that we at any rate play a very small part in raising the price of petrol. That is not, however, all I wish to say.

I began by giving a little outline of the policy which the railways as a whole have adopted towards motor transport. We have always felt that anything which will improve transport generally in the country is to the ultimate advantage of the railways, and therefore on general grounds there would be a very good argument for charging a low rate on petrol. For that reason I propose to ask the railway administrations again to consider this question of petrol rates.

I would say one thing more. Colonel Crawford has mentioned the carriage of petrol in bulk. We have done a great deal to encourage the carriage of petrol in bulk wagons. I must admit that when the question was first put before us, having had experience of carrying kerosene oil, we found very considerable difficulty because the ordinary tanks in which we have been carrying kerosene oil would not hold petrol. It is a very fine spirit and gets through the ordinary rivetted tanks. We had therefore to have specially welded tanks and had to import special tanks for this purpose. I recently saw some new tanks which had been brought out and erected on the Assam Bengal Railway, and was very much struck by the great improvement in them. We are not waiting for encouragement from outside to carry petrol in tanks. We will carry it in tanks wherever the oil companies wish us to take it and as soon as they have petrol bulk installations constructed we shall be ready with petrol tank-wagons. I think that meets Colonel Crawford's point. I have met it in another way by saying that we shall have the question of petrol rates looked into again.

**Colonel J. D. Crawford:** Sir, in view of what Sir Clement Hindley has said, I wish to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

**Mr. President:** The question is:

"That a reduced sum not exceeding Rs. 98 . . . ."

(To Mr. Joshi) Does the Honourable Member wish to move his motion?

**Mr. N. M. Joshi:** Yes, Sir.

**Mr. President:** If there is no disposition on the part of the House to get on to other Demands, I had better adjourn.

If the Honourable Member wishes to raise the question of third class fares it means a good two hours. Does the Honourable Member desire to move his amendment?

**Mr. N. M. Joshi:** If the House is not in a mood to discuss the reduction of third class fares I will not move it.

**Mr. President:** The question is:

"That a reduced sum not exceeding Rs. 98 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Railway Board'."

The motion was adopted.

#### DEMAND NO. 2—INSPECTION.

**The Honourable Sir Charles Innes:** Sir, I beg to move:

"That a sum not exceeding Rs. 1,21,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Inspection'."

**Mr. O. Duraiswamy Aiyangar:** Sir, I may at once state that I do not propose to move any of the three motions I have tabled here, but I wish to oppose the motion made by the Honourable Sir Charles Innes under this head. Sir, yesterday I put a question which is of constitutional importance, and which involves the very legality of the demand under this head and the answer which was given to me was so perfunctory, so slipshod, that I never expected such an answer to a question in the course of the debate on the Demands. It was an answer such as is given to the Assembly in the first hour, not a serious and reasoned one to a question which was raised on a Demand. Sir, my first point therefore is that this Demand encroaches on one of the most precious privileges of this House and I would therefore request the House to keep a careful watch over any encroachment or invasion of the privileges of the House. Sir, under ordinary circumstances, by virtue of the Indian Railways Act and by virtue of the Government of India Act, we ought to be in a position to control the entire expenditure under 'Inspection' because this must come under a votable heading. Sir, under section 4 of the Indian Railways Act, the power is entirely vested in the Governor General in Council to appoint in two ways, either by name or by virtue of office, the Inspectors who are called Government Inspectors. Sir, if that appointment has to be made in accordance with section 4 of the Indian Railways Act, this House will be in a position to vote or not to vote, to sanction or not to sanction the expenditure under the heading 'Inspection'. But, Sir, what is sought to be done by the Honourable Member for Railways, or the Government, let us take it collectively, is to take away that power from this House, by introducing for this departmental inspection persons



who are supposed to be protected under sub-clause (3) of section 67A of the Government of India Act. They seek protection under the wording there which says that salaries and pensions of persons appointed by or with the approval of His Majesty or the Secretary of State for India in Council are not to be submitted to the vote. Sir, I ask you, is it fair to the Government to introduce in a votable department persons whose salaries are not votable? The question is: "Can this Government take away from this House the power which is vested in it under the Government of India Act and also under the Railways Act for voting a particular Demand"? You see, Sir, under section 67A, clauses 2, 3 and 4, these are all departments which are non-votable. Thereby a large power is taken away from a popular House like this of voting supplies which the Government demands, and one small clause is left there—clause 5—which says that the proposals of the Governor General in Council for the appropriation of monies or revenue relating to heads of expenditure not specified under the above heads shall be submitted to the Legislative Assembly in the form of Demands for Grants. Thus you find a large number of heads are included in the earlier clauses thereby depriving this House of voting a large number of heads of expenditure. A small room is still left for this House to exercise control over expenditure. Is it fair to introduce even into this clause some exceptions of your own not provided by any Statute?

**Mr. President:** I have not done so! I thought the Honourable Member was addressing the Chair.

**Mr. C. Duraiswamy Aiyangar:** Sir, through the Chair I appeal to the Government, to the Treasury Bench, whether it is fair on the part of Government to take away one valuable privilege of this House? Now it is argued that very often it is so done and pleaded that since they have been appointed by the Secretary of State although they may have been transferred to other departments, so long as they are persons originally appointed by the Secretary of State they are always protected and their salaries in whichever department they may work must always be non-votable. Sir, the sense of security with reference to the propriety of such an expenditure seems to have been sprung on the Government more from habit than from conviction. I am sure they have never reasoned it. I am sure the Law Member or the Audit Department or the Finance Department have never considered the propriety of such expenditure. I maintain, Sir, that so long as a particular Demand has under Statute to be placed in the hands of this House, they have no right to deprive the House of that privilege. The obvious result will be that you will introduce into a votable item—or rather you will make a votable item non-votable by introducing a person who has been appointed by the Secretary of State into a Department which ought to be appointed only by the Governor General in Council you will replace a man, who is so taken away from the original department by another person who is appointed by the Secretary of State. Therefore you create in the place of one non-votable post two non-votable posts and take away from this House the one votable post which had been placed in the hands of this House. You can in this way convert a whole department from votable to non-votable by taking persons appointed by the Secretary of State into departments which ought to be subject to the vote of the House and thus take away the effect of the clause. In other words, the interpretation Government puts on clause 5 is an interpretation which turns it into an *in and out* clause. We may vote and yet cannot vote. That is the net result of the

[Mr. C. Duraiswamy Aiyangar.]

interpretation that is being placed by the Government on this clause; and I take it therefore the responsibility lies on the Audit Department in auditing against sanction whether this expenditure ought to have been permitted at all or not. And therefore I do expect a reasoned and a cogent explanation for the procedure that has been adopted by Government instead of giving me a perfunctory answer in the manner in which Mr. Parsons gave yesterday. You see, Sir, now under this Demand No. 2 there is a footnote which says the demand is more by Rs. 20,000 than the expected expenditure in the current year due chiefly to the appointment as Senior Government Inspector of a non-pensionable officer whose salary is votable. You have introduced among 8 persons there one gentleman who has cast his lot with this House, but I want you to tell me when that gentleman was appointed; probably in May 1926 according to a list that I have—but I do not know who that gentleman was and when he was appointed. In the last year's Budget everything was non-voted. There was no votable item at all and now when you introduce a person there without the vote of the House . . .

**Mr. President:** The Honourable Member will address the Chair.

**Mr. C. Duraiswamy Aiyangar:** It is very difficult, Sir, to manage.

**Mr. President:** The Honourable Member must address the Chair.

**Mr. C. Duraiswamy Aiyangar:** Very well, Sir. The Government introduced among this group of eight Inspectors one senior Inspector somewhere in the month of May 1926; and they have been paying him a salary which has never been voted by this House during the last Budget. During the last Budget the entire Demand under Inspection was put down as non-voted and we have been paying his salary and I do not know if till now you have applied even for sanction by a Supplementary Demand. Now, Sir, what is exactly the net result of an operation like this? This benevolent Government has introduced a gentleman there whose salary was not voted, whose salary has nevertheless been paid without any audit objection. Is this fair on the part of Government to introduce a gentleman like this without the vote of this Assembly? It is the result of this kind of irregular and improper procedure that seems to have been prevailing in this department.

Now, Sir, coming to the merits (Laughter)—that was certainly the technical aspect of it—but coming now to the merits I stated that this department is altogether out of date; it is an antiquated antediluvian department. I wonder what the necessity is for these Inspectors at the present day, when there is the Railway Board with a large establishment of people with technical knowledge, engineering knowledge; what is the object of maintaining this department at a time when all these railways have come under the management of the Government aided by a costly Board which is supplemented by a large number of engineers and other technical experts? It might have been in place at a time when the railways were managed by private companies with a board of control somewhere in London and when the Government had to take care that the passengers' safety had to be looked after. It might be that these Inspectors were doing very good work—that they were very good Samaritans to the Government at a time when they wanted to inspect the lines, whether they were fit for passenger-traffic and so on. But I ask now, what is this Railway Board doing?

What are those persons employed under the Board as engineers, as directors of civil engineering and mechanical engineering, what are all these for? And then there is a large engineering staff under each railway which is in itself very costly. With all these departments, what is the necessity for continuing this department? The plea is that it is a statutory body. The plea is that it is a statutory institution. What if it is a statutory institution? The Railways Act does not compel the Governor General in Council to have a staff of eight Inspectors; it only authorises him to engage Inspectors if there be need for them. I submit, Sir, there is absolutely no need at present for having this staff of Inspectors. And what is the function of these Inspectors according to the Railways Act? One of their functions is to examine after accidents are over—to go to the spot and find out the cause of the accident. What are these Agents, Traffic Managers, Engineers and all these people doing, if not to go to the spot and examine what the cause of the accident was? What is the necessity for one Inspector going when there is a large staff like that? Sir, this provision for the appointment of Inspectors seems to have been borrowed from an English Statute, 34 and 35 Vict. cap. 78, section 3. There, there is a provision for the appointment of these Inspectors by the Board of Trade. But here when the whole administration is being conducted by a large, expensive and extravagant staff which is otherwise provided for, I fail to see the necessity for this post; and one of the two functions of the Railway Board is the administrative function which covers detailed supervision over the construction of new lines and other things. If a new line is constructed and if the Railway Board and its staff inspect it, they are the persons to say whether a particular line is fit for traffic or not. Therefore, Sir, I feel that this department of Inspection must altogether go. There is absolutely no necessity for it. Therefore, Sir, I oppose the motion made by Sir Charles Innes, or to be more technical or accurate, I say the Demand be reduced to zero.

**Mr. L. Graham** (Secretary: Legislative Department): Sir, before this discussion gets on to the merits of the case, I should like to take the opportunity to reply to the point with which my Honourable friend began his speech. I was in the House yesterday when he began his speech with precisely the same point, and I personally was under the impression that he had been given a complete reply by my Honourable friend Mr. Parsons.

Now, the point which the Honourable Mr. Duraiswamy Aiyangar makes is that he objects to finding, apparently under the same Demand, the salaries of certain officers shown as non-voted and the salaries of other officers shown as voted, and he bases his objection on the provisions of the Railways Act which require in respect of these Inspectors that they shall be appointed by the Governor General in Council. Sir, it is perfectly true that they are appointed to this particular post by the Governor General in Council, but they are already men in the railway service. They have to be appointed to some post or other while they are in railway service, and whatever post they hold, their salary, while they are in that post, is non-voted. That is the expression. . . .

**Mr. A. Ranga-swami Iyengar** (Tanjore *cum* Trinchinopoly: Non-Muham-madan Rural): Why?

**Mr. L. Graham**: Because it is so provided in the Government of India Act.

**Mr. A. Ranga-swami Iyengar**: Read the section.

**Mr. L. Graham:** That provision is as follows:

"The proposals of the Governor General in Council for the appropriation of revenue or money relating to the following heads of expenditure shall not be submitted to the vote of the Assembly".

Now amongst those are included the salaries and pensions—we are now dealing only with the salaries—payable to persons appointed by or with the approval of His Majesty or the Secretary of State in Council. Salaries which are shown as non-voted in this list are payable to officers who are Inspectors of Railways and are as a matter of fact payable to persons who are appointed to the Indian Railway Service of Engineers by or with the approval of the Secretary of State in Council. I think it is by the Secretary of State in Council.

**Mr. Rangaswami Iyengar:** Not to their present posts.

**Mr. L. Graham:** They were appointed to the Railway Service of Engineers by the Secretary of State in Council, and in virtue of their being appointed to it, they become eligible for these particular appointments. They are appointed by the Governor General in Council, but they are protected as persons. It is persons who are protected under the Act and not posts, and I think that point is so clear that, I imagine, it is not necessary to say anything more on that. The whole idea of this provision in the Government of India Act was the protection of persons, and that is why persons are expressly named, not persons while they are holding particular posts, but persons as such. That, Sir, is a complete reply, I think, on that point. I propose to leave it to experts to deal with the question on its merits.

**Sir Clement Hindley:** Sir, Mr. Duraiswamy Aiyangar has brought up something similar to this on previous occasions.

**Mr. C. Duraiswamy Aiyangar:** That was a different point. I only said they were very ineffective, and inefficient in their supervision.

**Sir Clement Hindley:** I quite understood the Honourable Member's speech; I had no difficulty in understanding it at all. He made an attack against these people, because, as far as I can understand, he had not the foggiest idea of what they do. I tried last year to explain to the House, when Mr. C. Duraiswamy Aiyangar brought this matter up, what the duties of Government Inspectors are, and in looking through some of the extracts just now I find that I made a similar attempt the year before. I really do not know whether Mr. C. Duraiswamy Aiyangar means this criticism seriously or not. I am rather at a loss to know what he really means. I did my best to explain the matter to him last year. If he did not understand, he might have come and asked me. On a previous occasion, perhaps the House will remember, he complained very bitterly that he had never yet seen a Government Inspector. He said he had heard of him travelling but he had not been able to see him. I said I would try and arrange for him to be present when one of these officers got out of his saloon. He did not go further with the business and therefore I did not make any further arrangements. It seems to me from the nature of his speech to-day that during the interval he had completely forgotten Government Inspectors and only just remembered now that they existed and so he wanted to axe them. Why does he want to do so? He does not give any reasons. He simply says, "All these railways are run by the State. Why do you want any Inspector?" Supposing all the Railways were run by the State. Should we not have Inspectors? Is it not

necessary in the interests of the travelling public that there should be some statutory inspection of our safety appliances and our methods of carrying passengers? He first of all begs the question by saying that all these railways are run by the State, because I would remind him that we manage here from the Railway Board less than half the mileage of railways in India. We manage 15,500 miles while the companies manage 17,000. Are these companies to be left without inspection on behalf of the Government and the public? Does the Honourable Member seriously mean to move the rejection of this vote because there are no Inspectors wanted? Sir, on previous occasions cases have been brought up in this House of serious accidents and we have been criticised considerably for not having made proper inquiries. Our answer has been that Government Inspectors make inquiries into these serious accidents. Does the Honourable Member mean to imply that Government Inspectors of Railways in future are not to inquire into serious railway accidents? What are the methods that he proposes to adopt to inquire into these accidents? He said, "What do you want these Inspectors for? You have got the Agent and the Traffic Manager in these cases. Can't they go down and inquire into the accidents?" I do not believe that there is anybody in this House who would sympathise with the Honourable Member if he really made that suggestion seriously. Does he suggest that the railway officers alone should inquire into these most serious accidents? I have never heard it suggested anywhere before and I have never heard of any sympathy for it before at all. I think that . . . . .

**Mr. C. Duraiswamy Aiyangar:** May I ask whether you seriously think that Inspectors are necessary?

**Sir Clement Hindley:** I did not hear the question.

**Mr. C. Duraiswamy Aiyangar:** May I ask whether you seriously think that Inspectors are necessary?

**Sir Clement Hindley:** If the Honourable Member can make a remark like that, it does not call for an answer.

**Mr. C. Duraiswamy Aiyangar:** You cannot say I am not serious.

**Sir Clement Hindley:** Because it is perfectly obvious to any business man, to any public citizen, that where railways are being worked, where dangerous machinery is being handled as in mines and so on, it is necessary that in the public interest inspection should be made on behalf of Government by statutory Inspectors, and in the case of Railways I am really surprised to hear a proposal like that from the Honourable Member. I do not think it is necessary for me to say anything more on this motion.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 1,21,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Inspection'."

(After Mr. President had declared "I think the Ayes have it" two or three Honourable Members on the Congress Party Benches cried "No".)

Do the Honourable Members want to divide?

(Some Honourable Members on the Congress Party Benches: "No".)

If they do not really want a division I warn them not to continue saying, "No, no". Otherwise they will have to go to the lobbies against their wish some day.

[Mr. President then declared, "The Ayes have it".]

The motion was adopted.

**The Honourable Sir Charles Innes:** Before you take up the next motion, may I ask you, Sir, what your intentions are about sitting late to-night? I should like to bring to your notice the fact that the Members of the Executive Council have got a Council meeting at 6 o'clock, and it would be a great convenience to Government Members and a great many other Members of the House if you would adjourn now. I submit that for your consideration.

**Mr. President:** I was willing to sit till 7 or 8 o'clock in response to the request made to me by several non-official Members in order to enable them to discuss some other Demands for Grants. I thought I ought to comply with their request in view of the fact that to-morrow is the last day for this discussion and according to the rules I am bound to close the debate at 5 o'clock on the last day. I find, however, that there is no disposition on the part of some Members of the House to adjust themselves to the needs of the occasion. I, therefore, accede to the request of the Commerce Member and propose to adjourn now.

The House now stands adjourned till 11 o'clock to-morrow morning.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 26th February, 1927.

# LEGISLATIVE ASSEMBLY.

Saturday, 26th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

NUMBER OF INDIANS IN THE TRAFFIC OR THE LOCOMOTIVE SERVICE  
DRAWING MORE THAN RS. 1,000.

612. \***Mr. T. O. Goswami**: Will Government be pleased to state how many Indians there are in the traffic or in the locomotive service getting more than Rs. 1,000?

**The Honourable Sir Charles Innes**: The Honourable Member is referred to the reply given to question No. 421 asked by Diwan Chaman Lall on the 15th February 1927.

## SALE OF REVERSE COUNCIL BILLS.

613. \***Sir Hari Singh Gour**: (a) Has the attention of the Government been drawn to the statement in the *Commerce* newspaper of Calcutta, to the effect that the Government has resorted to the policy of restarting the sale of Reverse Council Bills?

(b) Did Sir Malcolm Hailey assure the House as it is stated in the journal last mentioned that the sale of Reverse Council Bills will never be made without the consent of the Assembly?

(c) What is the amount of the sales and the amount drawn from the Gold Exchange Reserve to meet the difference?

(d) Will the Government be pleased to make a full statement of its policy regarding the sale of Reverse Council Bills?

**The Honourable Sir Basil Blackett**: I would refer the Honourable Member to my reply to question No. 154 by Kumar Ganganand Sinha on the 31st January.

## EXPENDITURE ON THE ROYAL AIR FORCE IN INDIA.

614. \***Sir Hari Singh Gour**: (a) Has the attention of the Government been drawn to a reply by Earl Winterton to a question put by Mr. Kelly in the House of Commons in November last, to the effect that the Royal Air Forces in India were units of the Imperial Forces and not part of the Indian Army and that they did not comprise any enlisted Indian personnel?

(b) Will the Government be pleased to state what is the actual cost of the Royal Air Forces in India and whether it is met out of the revenues of this country?

(c) If the answer to the last question be in the affirmative, will the Government be pleased to state whether it is not a fact that the Government of India have assured this House more than once that the Army in India is maintained solely for the defence of India and that it is no part of the Imperial forces or equipped for that purpose? Is it still the position of the Government of India or has it been abandoned? If so, since when and why?

**Mr. G. M. Young:** (a) Government have seen the reply.

(b) The cost is just over a crore and three-quarters a year. It is met from the revenues of India.

(c) The Honourable Member appears to be referring to answers given by Mr. Burdon in this House on the 5th February 1924, and the 27th January and 16th February, 1926. In the course of those answers it was stated that the Army in India is not maintained for Imperial purposes; that the Government of India hold the army maintained in India to be maintained entirely for the purposes of India; and that when portions of the forces maintained in India are lent to His Majesty's Government and used for purposes outside India, the cost is borne by the British tax-payer. This is still the position of the Government of India, who see no inconsistency and very little connection between the statements I have quoted and the reply given by Lord Winterton. The Honourable Member may perhaps be confusing Imperial Forces with Imperial purposes, and the Army in India with the Indian Army.

**Sir Hari Singh Gour:** Will the Honourable Member be able to enlighten the House as to the distinction between Imperial forces and the forces maintained for Imperial purposes?

**Mr. G. M. Young:** Imperial forces are forces raised in the United Kingdom. Forces maintained for Imperial purposes are forces maintained for purposes other than the defence of India.

**Sir Hari Singh Gour:** May I beg to inquire whether the policy of the Government of India is that the Army in India is kept for purposes extraneous to the defence of India?

**Mr. G. M. Young:** I have already replied to that question.

**Sir Hari Singh Gour:** Is the Honourable Member aware that a series of Resolutions moved when the Honourable Member's predecessor, Sir Godfrey Fell, was the Army Secretary and unanimously carried by the House decided that the Army in India should be primarily and solely maintained for internal defence and warding off external aggressions?

**Mr. G. M. Young:** If the Honourable Member is referring to the Resolution of the 28th March, 1921, I am afraid he is not quoting it correctly.

**Sir Hari Singh Gour:** Will the Honourable Member enlighten the House as to how far the Royal Air Force in India maintained for Imperial purposes is consistent with the policy set out in the Resolution unanimously accepted by the House?

**Mr. G. M. Young:** The Royal Air Force in India is not maintained for Imperial purposes. It is maintained for the defence of India.

**Sir Hari Singh Gour:** Is the Honourable Member aware that it was stated in the Committee which was formed for the purpose of finding out what were the military requirements of the country that so far as the Army in India and the Air Force as it then stood was concerned it was



all that was held necessary for the purpose of maintaining the defences of India?

**Mr. G. M. Young:** I think that question is sufficiently long for me to ask the Honourable Member to put it down on paper.

PUBLICATION OF THE REPORT OF THE SKEEN COMMITTEE.

615. **\*Sir Hari Singh Gour:** Will the Government be pleased to state when the Report of the Skeen Committee is likely to be ready for publication? Do Government propose to publish it simultaneously both in England and in India? If so, when?

**Mr. G. M. Young:** I refer the Honourable Member to the reply which I gave on the 31st January, in answer to starred questions Nos. 61 and 149, I am afraid that I have nothing to add to that answer as yet.

MAXIMUM INCOME-TAX AND SUPER-TAX LEVIED IN INDIA AND ENGLAND.

616. **\*Sir Hari Singh Gour:** Will the Government be pleased to state the maximum income-tax and super-tax leviable in this country and in England and what percentage does it represent to the gross income of the payee in each case and to what extent has the incidence varied in the two countries since 1918?

**The Honourable Sir Basil Blackett:** A statement containing the information asked for is laid on the table.

The maximum rates of Indian income-tax since 1918 have been as follows :

1918-1919 to 1920-21	. . . . .	12 pies in the rupee.
1921-22	. . . . .	16 " " "
Since 1922-23	. . . . .	18 " " "

The British income-tax rates for the same period are :

1918-19 to 1921-22	. . . . .	6 shillings in the £.
1922-23	. . . . .	5 " "
1923-24 and 1924-25	. . . . .	4s. 6d. "
1925-26 and 1926-27	. . . . .	4 shillings in the £.

2. The super-tax in India is now levied on a scale of graduated rates except in the case of companies which are charged at a flat rate of one anna per rupee. Prior to 1920), however, the tax on all assesseees including companies was levied at graduated rates, and in the case of a company, firm or Hindu undivided family, was charged only on its undistributed income or profits.

The rates since 1918 have been as follows :

1918-1919 and 1919-20 :

In respect of the first $\frac{1}{4}$ lakh	. . . . .	Nil.
Next $\frac{1}{4}$ lakh	. . . . .	1 anna in the rupee.
" $\frac{1}{4}$ lakh	. . . . .	1 $\frac{1}{2}$ annas " "
" $\frac{1}{4}$ lakh	. . . . .	£. 2 " in the rupee.
" $\frac{1}{4}$ lakh	. . . . .	2 $\frac{1}{2}$ " " "
Over 2 $\frac{1}{4}$ lakhs	. . . . .	3 " " "

	1920-21.	1921-22.	Since 1922-23.
(1) In respect of the first lakh of rupees of taxable income—			
(a) in the case of a Hindu undivided family—			
(i) in respect of the first 75,000 rupees.	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
(ii) in respect of next 25,000 rupees.	1 anna in the rupee.	1 anna in the rupee.	1 anna in the rupee.
(b) in the case of an individual and an unregistered firm—			
(i) in respect of the first 50,000 rupees.	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
(ii) in respect of the next 50,000 rupees.	1 anna in the rupee.	1 anna in the rupee.	1 anna in the rupee.
(2) In respect of the first 50,000 rupees of income over 1 lakh.	1½	1½	1½
(3) In respect of the next 50,000 rupees.	2	2	2
(4) In respect of the next 50,000 rupees.	2½	2½	2½
(5) In respect of the next 50,000 rupees.	3	3	3
(6) In respect of the next 50,000 rupees.	...	3½	3½
(7) In respect of the next 50,000 rupees.	Remainder at the rate of 3 annas in the rupee.	4	4
(8) In respect of the next 50,000 rupees.	...	Remainder at the rate of 4 annas in the rupee.	4½
(9) In respect of the next 50,000 rupees.	...	...	5
(10) In respect of the next 50,000 rupees.	...	...	5½
Remainder	...	...	6
In the case of every Company	1 anna in the rupee.	1 anna in the rupee.	1 anna in the rupee.

The British super-tax rates for the same period are :

	1918 and 1919. Per £ of income.	1920 to 1924. Per £ of income.	1925 to 1926. Per £ of income.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
First £2,000 . . . . .	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Next 500 . . . . .	1 0	1 6	0 9
" 500 . . . . .	1 6	2 0	1 0
" 1,000 . . . . .	2 0	2 6	1 6
" 1,000 . . . . .	2 6	3 0	2 3
" 1,000 . . . . .	3 0	3 6	3 0
" 1,000 . . . . .	3 6	4 0	3 6
" 1,000 . . . . .	3 6	4 6	3 6
" 1,000 . . . . .	4 0	5 0	4 0
" 1,000 . . . . .	4 0	5 0	4 0
" 5,000 . . . . .	4 6	5 0	4 6
" 5,000 . . . . .	4 6	5 0	5 0
" 10,000 . . . . .	4 6	5 0	5 6
Remainder . . . . .	4 6	6 0	6 0

*The percentage of the tax to the gross income is given below. In the case of super-tax, the percentages vary with reference to the income. Three examples have been worked out.*

*Indian Income-Tax.*

Year.	Maximum rate of income-tax per rupee.	Percentage to gross income.
1918-19 to 1920-21 . . . . .	12 pies.	6·25
1921-22 . . . . .	16 „	8·33
Since 1922-23 . . . . .	18 „	9·37

*British Income-Tax.*

Year.	Per £ of income.	Percentage to gross income.
1918-19 to 1921-22 . . . . .	6 shillings	30·00
1922-23 . . . . .	5 „	25·00
1923-24 and 1924-25 . . . . .	4s. 6d.	22·50
1925-26 and 1926-27 . . . . .	4 shillings	20·00

*N.B.*—The above figures do not take into account the allowances and abatements given in the United Kingdom on account of dependents, earned income, etc.

*Indian Super-Tax.*

Percentages to gross income.

Year.	Companies.			Individuals and unregistered firms.			Hindu Undivided Family.		
	Rs. 1 lakh.	Rs. 6 lakhs.	Rs. 10 lakhs.	Rs. 1 lakh.	Rs. 6 lakhs.	Rs. 10 lakhs.	Rs. 1 lakh.	Rs. 6 lakhs.	Rs. 10 lakhs.
1918-19 and 1919-20 . . . . .	3·12	14·58	16·25	3·12	14·58	16·25	3·12	14·58	16·25
1920-21 . . . . .	3·12	5·73	5·93	3·12	14·58	16·25	1·56	14·32	16·09
1921-22 . . . . .	3·12	5·73	5·93	3·12	17·45	20·47	1·56	17·18	20·31
Since 1922-23 . . . . .	3·12	5·73	5·93	3·12	20·05	27·03	1·56	19·79	23·87

*British Super-Tax.*

Percentages to gross income.

Year.	£7,000	£40,000	£70,000
1918-19 and 1919-20 . . . . .	8.75	19.84	20.98
1920-21 to 1924-25 . . . . .	10.54	23.65	26.37
1925-26 and 1926-27 . . . . .	7.95	23.14	26.08

## ENVELOPES FOR USE OF MEMBERS OF THE LEGISLATIVE ASSEMBLY.

617. **\*Sir Hari Singh Gour:** (a) Will Government be pleased to state why the envelopes for use of Members in the writing room are printed over with "On His Majesty's Service" with the matter "Member, Legislative Assembly" printed at a corner?

(b) What is the additional cost for printing this matter?

(c) And why is it considered necessary when Members enjoy no privilege of franking their letters or use service stamps?

(d) Do Government propose to discontinue this?

**Mr. L. Graham:** (a) and (c). The printing of the words "On His Majesty's Service" on the envelopes placed in the Members' writing room is due to an error the origin of which I have not been able to trace. The object of printing the words "Member, Legislative Assembly" on the envelopes is to discourage the use of these envelopes by persons who are not Members of the Legislative Assembly.

(b) I am informed that the cost of printing this matter depends on the number of envelopes struck off at any one time and that the cost, if 1,000 are printed at one time, is one anna for every fifty envelopes.

(d) The envelopes inscribed "On His Majesty's Service" have been withdrawn from the Members' writing room. For the reasons stated above, it is proposed to retain the words "Member, Legislative Assembly".

**Sir Hari Singh Gour:** May I inquire whether it is not the practice in the House of Commons for members using official stationery in the writing room, that there is no such thing as "Member of the House of Commons" inscribed on envelopes and all that the envelopes and letter heads contain is an embossed crest of the House of Commons?

**Mr. L. Graham:** May I suggest, Sir, that this question about note paper in the House of Commons does not pertain to my department at all?

**Sir Hari Singh Gour:** May I beg to inquire whether the embossed stamp on the envelopes and the note-paper containing the words "Legislative Assembly" is not sufficient to distinguish the letters and envelopes used by Members from those used by outside people?

**Mr. L. Graham:** The embossed inscription "Legislative Assembly" is on the back of the envelope.

**Mr. Gaya Prasad Singh:** May I ask my Honourable friend Sir Hari Singh Gour what objection he has to the retention of the words " Member, Legislative Assembly " ?

**Sir Hari Singh Gour:** Saving the cost of printing, Sir.

INFERIOR QUALITY OF STATIONERY SUPPLIED TO MEMBERS OF THE  
LEGISLATIVE ASSEMBLY.

618. **\*Sir Hari Singh Gour:** (a) Are Government aware that the stationery supplied to Members in the writing room is much inferior to that supplied to the Members of the first Assembly?

(b) If the change be made to effect economy, has it been extended to the other Departments of Government?

(c) Will Government be pleased to lay on the table a statement showing the economy so effected?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The stationery now supplied to Members is not so good as that supplied to Members of the first Assembly.

(b) Yes.

(c) An endeavour is being made to collect the information and if it is readily available it will be sent to the Honourable Member. I may add for his information that the paper now supplied is of indigenous manufacture and is quite as serviceable as the more expensive imported paper which it has replaced.

**Mr. R. K. Shanmukham Chetty:** Has the superiority of the stationery supplied to the Members of the first Assembly anything to do with the fact that the members of the Swaraj Party came into the second Assembly?

**The Honourable Sir Bhupendra Nath Mitra:** I have no information on that point.

ANNUAL INCREMENTS OF MEN IN THE SECOND DIVISION OF THE GOVERNMENT OF INDIA SECRETARIAT.

619. **\*Mr. Bhabendra Chandra Roy:** 1. Is it a fact that the ordinary maximum pay of Rs. 300 fixed for the second division men of the Government of India Secretariat has been made attainable by them in 25 years by an annual increment of Rs. 8?

2. Is it a fact that the ordinary maximum pay of Rs. 500 fixed for the first division staff of the Government of India Secretariat has been made attainable in 20 years by an annual increment of Rs. 15?

3. Is it a fact that the ordinary maximum pay fixed for the duffries and record sorters in the Government of India Secretariat has been made attainable in 20 years?

4. Will Government be pleased to state the reasons for treating the second division men worse than the record sorters and duffries not to speak of the first division men, in the matter of attainment of their maximum in 20 years?

5. Are Government aware that there is strong discontent amongst the men concerned for being treated worse than the duffries and record sorters?

6. Is it a fact that the men concerned petitioned to the Government of India for the redress of their grievances?

7. Is it a fact that their prayer was rejected though backed by the Imperial Secretariat Association?

8. Do Government propose to reconsider their case favourably and to sanction an increment of Rs. 10 a year and to make the maximum of Rs. 800 attainable in 20 years? If not, will they please state the reasons?

9. Are Government aware that there is a strong feeling amongst the public that owing to the absence of Anglo-Indians in the second division the case of the second division men consisting solely of Indians is not being favourably considered?

10. Do Government propose to allay the present discontent by granting their prayer?

**The Honourable Sir Alexander Muddiman:** (1), (2) and (3). Yes.

(4) The fact that the maximum pay fixed for the second division is not, as in the case of daftaris and record keepers, attainable in 20 years does not in the opinion of Government constitute a hardship.

(5) and (6). Government have received representations on the subject.

(7), (8) and (10). Representations received from the Imperial Secretariat Association in 1923 and 1925 were rejected. A further representation has since been received and is under consideration.

(9). No. The facts are not as stated by the Honourable Member.

**Mr. Jamnadas M. Mehta:** Regarding the answer to (9), will the Government be pleased to lay on the table of the House a complete list of the establishment for the second division to enable us to verify whether there are any Anglo-Indians in it?

**The Honourable Sir Alexander Muddiman:** I did not say that there was no Anglo-Indian. If the Honourable Member will put down his question, I will consider whether we can give him a statement.

#### SCALES OF PAY OF THE MINISTERIAL ESTABLISHMENT OF THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

620. **\*Mr. Bhabendra Chandra Roy:** What are the scales of pay for the ministerial establishment of the Government of India Secretariat and of its attached offices?

**The Honourable Sir Alexander Muddiman:** A statement showing the scales of pay of the ministerial establishment of the Government of India Secretariat and of its attached offices is being forwarded to the Honourable Member.

#### RECOGNITION OF THE IMPERIAL RECORD DEPARTMENT AS AN ATTACHED OFFICE OF THE GOVERNMENT OF INDIA.

621. **\*Mr. Bhabendra Chandra Roy:** Was the Imperial Record Department ever recognised as one of the attached offices of the Government of India. If so, when?

**Mr. J. W. Bhore:** There is no rigid definition of "attached" and "subordinate" offices. In recent years subordinate offices moving with the Government of India are generally treated as "attached" offices. The Record Office does not so move.

TRANSFER OF THE IMPERIAL RECORD DEPARTMENT FROM CALCUTTA  
TO NEW DELHI.

**622. \*Mr. Bhabendra Chandra Roy:** (a) What portion of the Imperial Record Department has been removed to New Delhi? When will the entire building for the Imperial Record Department in New Delhi be ready for occupation and when do Government propose to transfer the whole of the Imperial Record Department from Calcutta to New Delhi?

(b) Do Government propose to revise the scales of pay of this office on its transfer to New Delhi?

**Mr. J. W. Bhore:** (a) The records from 1899 onwards have been removed to New Delhi. The record office building is for all practical purposes ready for occupation. A programme for the removal of the whole of the Crown records has been prepared and funds are being provided in the Budget of 1927-28 to carry out the programme.

(b) Revision of the scales of pay is not contemplated at present.

**Sir Hari Singh Gour:** With reference to the answer to question 622(a) I beg to inquire where these records are deposited in New Delhi?

**Mr. J. W. Bhore:** They will be deposited in the new record office building.

REVISION OF THE PAY OF THE SECOND DIVISION MEN IN THE  
IMPERIAL RECORD DEPARTMENT.

**623. \*Mr. Bhabendra Chandra Roy:** Is it a fact that the existing annual increment of the lower division clerks of the Imperial Record Department is Rs. 3 only? Are Government aware that this rate of annual increment is hitting hard the men of the second division on their transfer from Calcutta to Delhi? If so, do Government propose to revise their scale of pay so as to bring it on the same level with the scale of pay of the other attached offices? If so, when? If not, will they be pleased to state the reason?

**Mr. J. W. Bhore:** The reply to the first part of the question is in the affirmative and to the second part in the negative. The clerical staff transferred has been given an immediate increase of pay ranging from Rs. 20 to Rs. 40 besides other material concessions.

PAY AND PROSPECTS OF THE CLERKS IN THE IMPERIAL RECORD  
DEPARTMENT.

**624. \*Mr. Bhabendra Chandra Roy:** (a) Is there any difference in the academic qualifications fixed for the recruitment of the clerks in the Imperial Record Department and the Government of India Secretariat?

(b) Is it a fact that the duties of the Secretariat record clerks are more or less of a routine nature? Is it a fact that they draw better pay and have better prospects than the clerks in the Imperial Record Department, and if so, why?

**Mr. J. W. Shore:** (a) Recruitment to the Government of India Secretariat is made by competitive tests held by the Public Services Commission (formerly the Staff Selection Board) while the men employed in the Imperial Record Department have not been required to undergo that test.

(b) The actual work of supplying records on requisition is done in the Secretariat by daftaris or sorters on much smaller pay than that given to clerks. The work of the men employed on recording proceedings in the Secretariat is not treated as routine and their pay is higher than that of the clerks in the Imperial Record Department both for this reason and also in view of the expensiveness of Simla where they are required to work for a considerable portion of the year.

**TRANSFER OF THE OFFICE OF THE SENIOR GOVERNMENT INSPECTOR OF RAILWAYS FROM MADRAS TO OOTACAMUND.**

625. **\*Mr. T. Prakasam:** (a) Has the attention of Government been drawn to an article headed "Transfer of the office of the Senior Government Inspector of Railways from Madras to Ootacamund" at page 185 of the Indian Railway Magazine?

(b) Will Government be pleased to state what reasons necessitated the removal and whether the Local Government was consulted in the matter and what its opinion was?

**The Honourable Sir Charles Innes:** (a) Yes.

(b) The Local Government was consulted and agreed that the headquarters of the Senior Government Inspector should be at Ootacamund. The Senior Government Inspector spends so much time on tour in the cold weather that it was considered desirable that his office should be in one place all the year round instead of being transferred up and down with the Madras Government.

**Mr. T. Prakasam:** May I ask, Sir, is it not the duty of this Inspector to look to the convenience of the traffic and also to attend to the complaints of the merchants who have to send their goods by train, and whether it will be convenient for this Inspector to attend to his duties from the top of the Ootacamund Hills?

**The Honourable Sir Charles Innes:** I think, Sir, the Honourable Member is labouring under a misapprehension as to the nature of this officer's duties.

**Mr. A. Rangaswami Iyengar:** May I know, Sir, whether this officer is going to draw hill allowance for staying there?

**The Honourable Sir Charles Innes:** Will the Honourable Member put down the question? I do not know.

**Mr. T. Prakasam:** May I know what the duties of this particular officer are?

**The Honourable Sir Charles Innes:** The Honourable Member will find that information on record if he will read up the budget debates for the last three years.

**Mr. T. Prakasam:** Would it be very difficult to state exactly what the duties are just now?

**The Honourable Sir Charles Innes:** I am afraid, Sir, it would be beyond the limits of an answer to a question if I embarked on that task.



## UNSTARRED QUESTIONS AND ANSWERS.

### PURCHASE OF SLEEPERS FOR THE SOUTH INDIAN RAILWAY.

118. **Khan Bahadur Haji Abdullah Haji Kasim:** Will Government be pleased to state:

- (a) The number of sleepers purchased for the South Indian Railway during the past three years?
- (b) The number of sleepers bought by the Company during the three years from Canada and Australia?
- (c) The number of sleepers for which tenders were accepted from Malabar for the above?
- (d) The prices at which the tenders for local supply and supply from Canada and Australia were accepted?

**Mr. A. A. L. Parsons:** Information is only available for the year 1926-27. It shows that in this year orders were placed for 4,07,400 broad and metre gauge sleepers, 2,52,500 of which were obtained from America and Australia, and the balance from Malabar. All the broad gauge sleepers were obtained from Malabar at prices varying from Rs. 8-12-0 to Rs. 8-14-0 per sleeper. Metre gauge sleepers were obtained from Malabar at rates varying from Rs. 3-10-0 to Rs. 4-0-0 per sleeper, from America at Rs. 3-7-9 per sleeper, and from Australia at £8/17/6 per ton of 50 cubic feet c.i.f. Madras.

### PURCHASE AT CHEAPER RATES IN MALABAR OF TIMBER OF THE QUALITY SUPPLIED BY CANADA AND AUSTRALIA.

114. **Khan Bahadur Haji Abdullah Haji Kasim:** Will Government be pleased to state:

- (a) Whether foreign timber is soft and has to be creosoted to serve the purpose of sleepers?
- (b) Whether the timber of the quality supplied by Canada and Australia can be got cheaper in Malabar than in Canada and Australia?

**Mr. A. A. L. Parsons:** (a) Some foreign timbers are hard; others are soft. Some foreign timbers have to be treated with preservatives for use as sleepers; others do not have to be so treated.

(b) Timber of the quality supplied by Canada and Australia is not, as far as Government is aware, grown in Malabar.

### RESULTS OF THE FAILURE OF THE SOUTH INDIAN RAILWAY TO PLACE ORDERS FOR SLEEPERS IN MALABAR.

115. **Khan Bahadur Haji Abdullah Haji Kasim:** Has the attention of Government been drawn to the fact that failure on the part of the South Indian Railway Company to place its order for sleepers in Malabar has resulted in considerable unemployment to a large class of the population whose main occupation is timber-cutting and that the timber trade has also immensely suffered?

**Mr. A. A. L. Parsons:** Government have received no representations of any kind to this effect.

### RECOGNITION BY THE DIFFERENT RAILWAYS OF RAILWAY PASSENGERS' ASSOCIATIONS.

116. **Khan Bahadur Haji Abdullah Haji Kasim:** Will Government be pleased to state:

- (a) Whether it is a fact that there are in existence "Railway Passengers Associations" throughout the country?
- (b) Whether such Associations are recognised by the different railways?
- (c) Whether these Associations are consulted on matters of importance to the railway passengers?

**Mr. A. A. L. Parsons:** (a) Government are aware that certain Passenger Associations exist.

(b) Yes.

(c) Any representations made by these Associations receive due consideration by Railways, but the consultative Committees for Railways are the Local Advisory Committees.

### FARES CHARGED PER MILE FOR DIFFERENT CLASSES ON DIFFERENT RAILWAYS.

117. **Khan Bahadur Haji Abdullah Haji Kasim:** Will Government be pleased to lay on the table of this House a statement of fares charged per mile for different classes on different railways?

**Mr. A. A. L. Parsons:** The Honourable Member is referred to the answer given in this Assembly on the 3rd instant to question No. 94 asked by Mr. C. Duraiswamy Aiyangar and to the published Time Tables and Coaching Guides of Railways.

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### STATEMENT OF BUSINESS.

**The Honourable Sir Alexander Muddimar** (Leader of the House): Sir, with your permission I desire to make a statement as to the probable course of Government business next week.

Honourable Members are aware that the presentation of the second portion of the Budget will take place at 5 p.m. on Monday, the 28th February, and thereafter a motion will be made for leave to introduce the Finance Bill.

It is understood, though I have not been approached in the matter directly, that there is no general desire on the part of Members of this House to raise a debate on any motion in connection with the settlement effected with the Government of the Union of South Africa. That being so, the time offered for this discussion was on Tuesday the 1st March, and in place of that discussion the adjourned discussion on the motion for a Supplementary Grant in respect of Civil Aviation will be resumed; and thereafter the next business to be taken will be the business remaining over from Monday the 21st, that is to say, motions will be made to take into consideration and if those motions are accepted by the House, to pass the Madras Salt (Amendment) Bill, the Provident Funds (Amendment) Bill and the Bill further to amend the Presidency towns and Provincial

Insolvency Acts. Thereafter the adjourned debate on the motion of the Honourable Sir Bhupendra Nath Mitra for the appointment of a panel from which the Standing Committee to advise the Industries and Labour Department is to be selected will be resumed. Wednesday the 2nd March is a gazetted holiday. Thursday and Friday, the 3rd and 4th March, have been allotted for general discussion on the second portion of the Budget. The House will not sit on Saturday, the 5th March.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muham-madan): I beg to inquire with reference to the statement of business which the Honourable the Home Member has announced whether it is the intention of the Government to allot a day for the transaction of non-official business, especially a large number of Bills which are outstanding, and also the adjourned debate on the Criminal Law (Amendment) Bill?

**The Honourable Sir Alexander Muddiman:** Not next week, Sir, I will consider the matter and make a statement next week.

**Mr. Varahagiri Venkata Jogiah:** Sir, I beg to put the following short notice question to the Honourable Member for Commerce.

**The Honourable Sir Charles Innes:** Sir, I have received no notice of any short notice question.

**Mr. President:** The Honourable Member may have given notice of a short notice question, but has he been informed that the question has been put down for to-day?

**Mr. Varahagiri Venkata Jogiah:** I gave it at half past nine.

**Mr. President:** The Honourable Member is in a hurry. No orders have yet been passed on his notice, which must in due course go to the President and then to the Department. He must therefore wait.

## THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

### SECOND STAGE—*contd.*

#### *Expenditure from Revenue—contd.*

##### DEMAND No. 3—AUDIT.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): Sir, I beg to move:

"That a sum not exceeding Rs. 9,70,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Audit'."

The motion was adopted.

##### DEMAND No. 4—WORKING EXPENSES: ADMINISTRATION.

**The Honourable Sir Charles Innes:** Sir, I beg to move:

"That a sum not exceeding Rs. 12,30,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Working Expenses: Administration'."

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): On a point of order, Sir, I have got certain motions under the head "Audit" and I thought I could have moved them.

**Mr. President:** The Honourable Member is too late. I take it that the Honourable Members Mr. Sesha Ayyangar and Mr. Duraiswamy Aiyangar do not wish to move their motions.

**Mr. M. S. Sesha Ayyangar** (Madura and Ramnad cum Tinnevely: Non-Muhammadan Rural): I do not propose to move the motion standing in my name; if permitted, I shall speak on the comprehensive motion of Mr. Prakasam.

**Mr. President:** Mr. Prakasam.

**Mr. M. S. Sesha Ayyangar** (Madura and Ramnad cum Tinnevely: Non-Muhammadan Rural): Sir, I move:

"That the Demand under the head 'Working Expenses: Administration' be reduced by 2 crores of rupees."

This Demand is for Rs. 12,30,00,000 and it comprises several items shown under this head. The first is Agency; starting with the salary of the Agents, it deals with all those officers who come under that establishment. We have been supplied, Sir, with 14 pink books in which the details are given with regard to the 14 different Agencies. The Agent's salary is shown there, that of the Assistant Agent, of the Deputy Agent if any, of the Chief Engineer and his assistants, the Chief Auditor and his assistants—all these are shown in each one of these pink books. My first submission to this House is that the expenditure has been steadily growing for a very long time. In 1881 the proportion was 49·37 per cent. Nine years later in 1889 it was 49·87 per cent. Fifteen years later, that is in 1905, it was 46 to 48 per cent. Now, Sir, in 1925-26 we had 65·66 per cent., in 1926-27, 66·76 per cent., and in 1927-28, 65·59 per cent. That is, out of every one hundred rupees of the gross income, over Rs. 65 is wanted for the working expenses. I shall point out to the Honourable Members just now what enormous extravagance there has been under this head when compared to Japan. The other day when I was addressing Honourable Members here, there was a question put to me whether I could give the mileage in Japan. Before I give you those figures of Japan I would like to submit to you the amounts of salaries shown in these 14 pink books of the different railways in our country under this first item of Agency in this Demand. The Assam-Bengal Railway is shown in the books and the maximum and minimum monthly salary of each officer is given. I have converted it into yearly: the total minimum shown for the Assam-Bengal Railway is Rs. 2,55,600 and the maximum under this head of Agency is Rs. 4,09,800. The distance of this Assam-Bengal Railway is 1,049 miles. The difference between the maximum and the minimum is Rs. 1,54,200. Then with regard to the Bengal and North-Western Railway, the distance is 2,083 miles. The minimum yearly salaries come to Rs. 2 lakhs. The maximum is Rs. 3,74,400. The difference between the two is Rs. 1,24,400. On the Bengal-Nagpur Railway, the distance is 3,000 miles. The minimum is Rs. 5,83,500. (*Mr. K. Ahmed*: "Company-managed".) Yes. The maximum is Rs. 11,23,800. The difference is Rs. 5,38,800.

**Mr. M. S. Aney** (Berar Representative): May I ask the Honourable Member with regard to the figures read out by him as minimum and

maximum salaries whether we are to understand them as indicating the start and the limit to be reached according to time-scale increment?

**Mr. President** (to Mr. T. Prakasam): The Honourable Member should resume his seat if he wants to give way.

**Mr. T. Prakasam**: I did not quite understand the question of my Honourable friend.

**Mr. M. S. Aney**: With regard to the figures shown as maximum and minimum, may we understand what the Honourable Member means by them?

**Mr. T. Prakasam**: I will now take the Great Indian Peninsula Railway pink book, page 8 to explain this. We see in column No. 5 that the minimum salary shown of Agents is Rs. 3,500. The maximum also is Rs. 3,500. Coming to the next item, the minimum is Rs. 1,750 and the maximum is Rs. 2,150. The starting pay is the minimum and the highest he could reach is the maximum. These are the two maximum and minimum figures that I am now placing before Honourable Members. Then with regard to the Madras and Southern Mahratta Railway, 3,041 miles is the distance. Rs. 5,05,800 is the minimum. The maximum is Rs. 8,19,800. The difference is Rs. 3,40,000. Similarly, we have got other railways, but I would in this connection give the figures with regard to the Rohilkund and Kumaon Railway. There, the distance is only 571 miles. Of this the State Railway is 312 miles, whereas the length of the Company-managed portion is 259 miles. The annual minimum pay is Rs. 64,200 as is shown in column 4. The maximum is Rs. 1,84,600. If you please take page 7 of the Rohilkund and Kumaon Railway, you will see that this is a very small distance of 571 miles, belonging to a Company, of which the State railway line is only 312 miles. The Agent's salary is not shown in this. What is shown against his name is only Rs. 250 for his fixed allowance. I do not know exactly what salary is paid by the Company to this Agent now. So far as the Deputy Agent is concerned, his salary is shown here as Rs. 1,600. For a distance of 571 miles,—the whole line,—of which the Government line is only 312 miles, there is also a Deputy Agent on Rs. 1,600, who is paid out of our funds. If you look into the minimum salary, Sir, on this line you will find, the Auditor of Accounts, Assistant Auditor, Chief Engineer, Resident Engineer, all getting below Rs. 1,000 and some below Rs. 500, the total monthly amount coming to only Rs. 5,350. That is the minimum. The maximum comes to Rs. 15,400. This is because it is a private Company not guaranteed, and that accounts for smallness of expenditure on the part of the Company. If these State and guaranteed Railways had been put under the management of Indians and if for the high officers, Indians had been appointed—Indians who would be anxious to serve their country for a smaller pay—it would have been very much cheaper. I have read these figures to you with a view to show that it cannot be pleaded by the Government that it has been very essential to start with the maximum pay shown in these columns. They start with a minimum salary and they go up to the maximum and I have given you both the figures and I have shown you the difference between the starting salary and the maximum salary in the last column which I have just now given to you. My submission to you all is . . .

**Mr. President**: Order, order. I must insist that the Honourable Member should address the Chair.

**Mr. T. Prakasam:** I am very sorry, Sir, and I beg your pardon. My submission to you, Sir, is this, that if the offices of these Agents and all other officers had been in the hands of Indians—Indians who would have qualified themselves by this time if only opportunities had been given to them—there would have been no necessity, to be incurring this expenditure year after year. It is not a matter, Sir, of one year or two years or ten years or twenty years even; it is a matter of 50 years, 60 years and even more than that, that this extravagance has been going on at this rate. This expenditure could have been avoided if only the Government had really been anxious to look after the interests of the people of this country as “trustees.” They have not done it. Commenting on the Raven Committee’s Report there was an article in the *Modern Review* written by one who had served in the Railway Department for nearly 50 years and one who could speak with authority. These are the words written by Pandit Chandrika Prasad in the *Modern Review* in 1926:

“With the cheaper rates of Indian labour the cost of Indian Railways ought to be very much lower, but the reverse is the case. In making a similar comparison in 1870, the late Sir J. Danvers wrote ‘One of the chief expenses connected with the working of the Railways in India is the high cost of European Agents. This cost still persists and no improvement can be expected so long as the higher posts of railway officials are not held by Indians.’”

In 1870, Sir J. Danvers wrote this, that one of the chief expenses connected with the working of the Railways was the high cost of European Agents. That was in 1870 and now it is 1927. 57 years have passed. For 57 years this British Government have been telling us and also the outside world that they have been training us. If 57 years have not been sufficient, I would like to ask this Government, Sir, whether even 500 years would be sufficient to take us a step forward. How are things going on in Japan, a country that is governed by its own Government. I have taken the figures for 1918. The mileage in Japan was 5,931 miles; the total passengers that travelled in the year was 245 millions as against a total number of only 599 millions of passengers in India with a distance of 38,579 miles. The salary of the Chief Commissioner in Japan, corresponding to our Chief Commissioner here who draws a salary of Rs. 6,000 a month, is only Rs. 1,020 a month. The number of passengers that are taken in trains are 159 persons; for a single carriage in a train only 12 persons. The average number of trains per day per mile is 16.1. You can measure the distance, Sir, now. If 16 trains are running over a distance of 5,931 miles or any good portion of it, what the length of the rails would be you can imagine. My friend Mr. Ruthnaswamy was telling us that the Railways are welcome here and they have been the cause of the political advance. Whether they have been the cause of political advance or not, all that I can tell the Government is that these Railways are meant for the comfort and convenience, if any, of only the higher class passengers and not of third class passengers who contribute the bulk of the money. Third class passengers, who pay the bulk of the money for this Government and for the comfort and convenience of all other persons, travel in trains like cattle and sheep with no convenience or comfort. In Japan the number of passengers for a train is only 159, because they have increased the number of trains running. I have given, Sir, when I was referring to these 14 pink books and the railway lines that are referred to in those books, the distances also, the distances under the control and management of each Agent, the minimum salary being Rs. 2,500 per month for the Agent alone. Put it any way

you like, compare it any way you like; it is not a case in which the Government could say, Japan is a small country where only 5,900 miles of railway are controlled, whereas in India over 38,000 miles are controlled. I have given for that reason the fourteen different Agents, each of whom draw Rs. 2,500 as against Rs. 1,020, the salary of the Chief Commissioner in Japan. If this Government had cared in the least to look to the prosperity of the country, they could have minimised the cost by more than half under this head alone. Can it be said that in this country men could not have been trained as in Japan? There the best of the men came forward to serve their country and to do the work for Rs. 1,020 a month. Are there no people in this land who have been and are willing and anxious to get trained under you, and would undertake the duties? What is the salary which the members of the Servants of India Society have been getting in India? Does it mean to say that the Right Honourable Srinivasa Sastri joined that service for the pittance that was given to him? To kill patriotism and to say that you are the only superior people in this world, that you must come over here and control these lines for ever and that we must occupy only subordinate positions—that is not right.

I go to another item to show the nature of the extravagance in the Railway administration—"Staff for heavy repairs". Here even according to the findings of the Raven Committee there is extravagance admittedly in workshops, both in regard to locomotives and wagons and carriages. They compared the figures of India with the figures of the United Kingdom. In the preface of the Raven Committee's Report, in the very first lines, they have stated:

"The most striking feature of the shops, in comparison with those in England, is their size and the strength of labour they employ, in proportion to the volume of work turned out. I was not altogether prepared for the marked difference that is shown between the English and Indian workshops. I have attempted to bring this out in the following table where I have shown the number. It will be seen that the number of men employed in the size of workshops in India is very much in excess of that in England."

For every single man that is employed in England, here in the loco. workshops; according to the findings of the Raven Committee, 3·80 men are employed. Again for every single man employed in England in the wagon and carriage workshops, 6·90 men are employed in India. These figures are given in Table 19, page 34 of the Raven Committee Report.

Under the same Demand you will find charges of Government Supervision. The cost is shown here as Rs. 12,33,000. What is the supervision? The supervision has resulted, according to the findings of the Raven Committee, in wastage and leakage. Wastage and leakage. Leakage one could understand with reference to a boat that is sailing. Leakage of iron, steel and all these things, that could not be ordinarily carried away by porters or coolies. Leakage includes thefts, misappropriations, and dishonest removals, not by coolies but by people of higher grades who must have been in charge. What is the leakage and wastage referred to in the Raven Committee's Report. The leakage and wastage have been described in the mildest possible terms. The Raven Committee after having gone into the whole thing gave their report in this manner. They actually found in the yards materials worth lakhs of rupees lying there without being in their proper places, without being shown in the accounts. What is it that the Raven Committee should have done in the matter? They should have given an exhaustive report, given

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the names of the persons responsible for it. In one paragraph you will find in the Raven Committee's Report that the entries that were made were fictitious and artificial. If artificial entries were made, if entries which ought not to have been made were made, if articles which ought to have been entered in one place had not been entered, what is the nature of the enquiry that has been made and the report that has been given to the public? The last two or three paragraphs which alone you should not look into we have been told. We have not looked into those pages only, we have tried to examine the tables, the schedule, to scan every sentence and find out what has been said and done by this Committee. Mr. Chandrika Prasad himself wrote in the *Modern Review* that representations had been made to this Committee and the Railway Board to extend the scope of the enquiry. They declined to do so, and now they have given a report in which they have said that there were leakages and wastage. It is not merely throwing away things with a view to show that the balances were all right. Leakages mean and include every dishonest thing that was done with regard to the articles. I have, during this long period of my life, heard so many complaints with regard to the manner in which things were removed from the workshops. For my part I never knew that what I heard would be confirmed by the Report of this Raven Committee. Ordinary people cannot understand such things unless they seek as have been written in this report the help of experts. Now, Sir, I would submit how things could be stolen from the shops in this manner. Some of the cases which I had heard about, are as follows. An article required by a Loco. Superintendent or by his foreman will be made and supplied in the workshop, under the head of "work-order." Its cost might be Rs. 500 in the workshop, but the bill may be made for a nominal sum of Rs. 2 and the balance of Rs. 498 will be shown under another head of work-order for "engine repairs." "Engine repairs" is an item under which any amount could be swallowed by the engine, just as it consumes water. If an article is made to order, "work order" it is called, and the account is called "ledger account" and if a bill is issued for only two rupees, and the article is worth £500, the balance is generally shown under "engine repairs." That is the leakage referred to in the Raven Committee's Report. I will read an extract from page 82 of their Report:

"In some cases these materials have been received on capital account, 'charged off' to the work for which they have been received long before the commencement of any building or erecting operations and kept lying about the shops without any apparent check whatever. We are told that this is a recent practice adopted in order to bring about the reduction of Stores balances, we have already made mention of. It is obviously ineffectual to resort to such practice, where the resulting reduction in stores balances is merely artificial and fictitious and we recommend that it be made a strict rule that no stores should be issued to workshops unless actually required for immediate use. . . . We noticed in Jamalpur and Lillooah that large stocks of materials within the workshops worth several lakhs of rupees and under the charge of the Chief Mechanical Engineers. Though under the Mechanical Department, the cost of these stores is shown in accounts as part of stores suspension (capital); and in order to do this, the accounts are maintained as they would be if the stores were held by the Controller of Stores and not by the Chief Mechanical Engineer."

What does that come to? With all these things that have come to their notice the Committee could have dealt more exhaustively and overhauled the whole thing and published the whole thing with a view to see that in future at least there should be no such frauds committed. How



many lakhs of rupees have gone out of these departments for this 'Government supervision' . . . .

**Mr. President:** I have been closely following the speech of the Honourable Member and he will pardon me if I point out to him that the stage for the general criticism of the Railway administration is past. He must now direct his speech to justify his proposed cut of two crores of rupees in the "Working Expenses: Administration."

**Mr. T. Prakasam:** Yes, Sir, if I have not been keeping that in view in submitting these things, I should have failed in my duty. However, I take note of your observation and I shall try to limit the argument as far as possible. What I have been submitting all this time is not with a view to discuss any general policy, but with a view to give arguments under each head to which I was referring. However I bow to your ruling. "Government supervision" and the charges claimed under that head I was submitting to the Honourable Members of this House cannot be justified at all. For supervision many officers have been paid on an extravagant scale and they do not deserve the salaries which have been paid and which are shown in these books, and they should be reduced. Now, Sir, with regard to this Demand No. 4 I have submitted that there must be a reduction by two crores of rupees, and before I sit down I may submit to the Honourable Members in this House that when there is so much extravagance at the top, and that has not been reduced, the argument that has been hurled at us by the Honourable the Commerce Member more than once in this House justifying a pay of Rs. 9 to the labourer who does all this work is a thing which I have not been able to understand. This money that has been paid in superabundance to those who have not been doing their duties, to those who have been negligent, could have been well paid to these poor men. In his closing speech, to which I had no opportunity of replying, the Honourable Member asked if we did not know that in the Madras Presidency a Brahmin landlord pays only Rs. 5.

**Mr. President:** I cannot understand how it is relevant on this motion.

**Mr. T. Prakasam:** It is relevant in this way, if you will permit me to say. In regard to this cut of two crores of rupees which I am submitting through you to this House, I am submitting that this reduction is essential for payment to the people to whom it has been denied. If I am controlled by the Evidence Act, it is a different matter; but I am sure you will not apply that to me or anybody here. This had been said on motions to which it had no relevancy at all.

**Mr. President:** Does the Honourable Member propose to question the rulings of the Chair?

**Mr. T. Prakasam:** No, Sir, I would submit that the expenditure at the top should be curtailed. With these words I commend my  
12 Noon. motion to the House.

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I have consented not to move the cut which I have tabled in order to expedite the business and I have therefore refunded 30 lakhs to my Honourable friend Sir Charles Innes. Before proceeding let me assure my Honourable friends on the Government Benches that whatever I say I mean and whatever remarks I offer here are meant in all seriousness. Sir Clement Hindley yesterday said with reference to my remarks that I was not serious and when I told him I was

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quite as serious as he was he suggested I was not a public citizen. Sir, I was born on the floor of this country. I have been brought up on the lap of mother India for nearly half a century.

**Mr. President:** All this has nothing to do with the motion the Honourable Member is speaking on.

**Mr. C. Duraiswamy Aiyangar:** I protest against being called a citizen of the air in my own country. I now proceed to the point for which I say that these 2 crores of rupees must be reduced. This can be done in two ways. One is Indianisation of services and the other is standardisation. Sir, so far as this Indianisation is concerned when my Honourable friend Pandit Nilakantha Das said what Indianisation really meant that motion was simply laughed out. Sir, I must say that Indianisation of services is in the best interests of economy of expenditure in this country,—not to speak of the political point of view. It would reduce considerably the expenditure if all the services were manned by Indians. Sir, we are pursuing in the matter of these services a reverse process to the process that is followed in the matter of our trade relations with England, where the raw products of this country are exported and return in the shape of manufactured products. So far as intellect is concerned, the raw intellects of England are imported into this country and they go back as manufactured experts.

**Mr. President:** Order, order. I am very sorry to interrupt the Honourable Member but he must remember that this cut has been proposed in this year's Budget. Is it the case of the Honourable Member that employees of the railway who are not Indians should be turned out during this year and that they should be replaced by Indians?

**Mr. C. Duraiswamy Aiyangar:** Yes, Sir; that is precisely my case; and if it is to be justified on the score that there has been an accumulation of appointments in this Department and it will take a number of years before they are turned out, on the very first day I said in the course of the general discussion on the Budget that this Assembly would be prepared to vote 5 crores at a time in order to send them back with stipends and continue our reduced expenditure from next year onwards. Sir, we put it under general expenditure. If Indians are employed I will further say that Indians should not claim as large salaries as European officers are claiming nowadays. That was the second point of my Honourable friend Pandit Nilakantha Das the other day. Very often my friends on this side have said that there is a racial distinction being observed by Indians not being paid the same salaries as Europeans. I was not in agreement with them in those views. I think the Indians must set an example and when they take a post they must accept a reduced salary. That would make a stronger case for us to drive out those gentlemen altogether. The other day my revered professor Dr. Macphail among all the various and vagarious statements that he made—and I am sorry as a student to have to draw a sword against my old professor—laid emphasis on one good principle, the principle of market value. I ask him to stick up for that principle and give me the figures of the market value of all those Honourable Members on the Government Benches. If from the Indian market, without giving preference to British standard steel over there, we are asked to select the best men for filling all those places in the Railway Department as well as in other Departments, we are prepared to . . . . .

**Mr. President:** Order, order. I would be failing in my duty if I were not to point out to the Honourable Member that he ought to make a distinction between the general discussion on the Railway Budget and the particular cut which we are now discussing. It is not right that the discussion on a particular cut should be turned into a general discussion of policy. If the Honourable Member is supporting the cut of 2 crores proposed by Mr. Prakasam, he must come to particulars and not go on generalising.

**Mr. C. Duraiswamy Aiyangar:** That is exactly what I have been doing, Sir.

**Mr. President:** The Honourable Member is not confining himself to the amendment.

**Mr. C. Duraiswamy Aiyangar:** At any rate, so far as my reference is concerned, Sir, I only suggest that if all these Agents, Deputy Agents, Engineers, Chief Mechanical Engineers and others are replaced by Indian Agents, Indian Deputy Agents, Indian Directors and Engineers, half the cost . . . .

**Mr. President:** The Honourable Member will bear in mind that the Chair regards these general statements as hardly relevant to the particular question before the House.

**Mr. C. Duraiswamy Aiyangar:** So far as the exact circumstances are concerned taken as they are and taking it as an unavoidable evil that these officers must continue I proceed still to state that the expenditure can be cut down by 2 crores and even more than 2 crores; but at any rate I can find the 2 crores. That leads me on to the question of standardisation of expenditure. That, Sir, must be held to be relevant. When I raised this question of standardisation of expenditure the Honourable Sir Charles Innes pleaded *res judicata*. He pleaded that Mr. Rama Aiyangar had raised the same question and Mr. Sim had decided it; and that the matter has once for all been settled. He spoke as though I claim under Mr. Rama Aiyangar and Mr. Parsons claims under Mr. Sim. I repudiate this plea. I think an attempt must still be made to standardise expenditure if there is to be reduced cost in administration. I stick to my view that the expenditure on administration must bear a certain proportion to the gross earnings of the company. Can any commercial man ever tell us that the expenditure on the administration of a firm can go to any length irrespective of the gross earnings of that firm? Sir, whenever questions are taken up with reference to the ratio of the working expenses to gross earnings, the figures are always based on the principle of standardisation. I take, Sir, three companies as an example because I know full well that even if I go to the figures of all the companies in it will be absolutely no matter of consequence so long as the sword of certification is hanging over our roof here. I only take as an example 3 companies—the Eastern Bengal Railway, the South Indian Railway, the Burma Railways. These are railways which have nearly the same amount of route mileage; and I find, Sir, under the head 'Administration' what a disparity there is between the cost of one administration and the cost of another administration. I ask the Honourable Members on the other side to do away with that disparity. If that can be controlled, if that can be brought under one common level of expenditure—not exactly the same arithmetically, but roughly at least the same—then we can save certainly this Rs. 230 lakhs. Sir, under 'Agency' the South Indian Railway spends Rs. 246,000, the Burma Railways spend

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Rs. 240,000, whereas the Eastern Bengal Railway spends Rs. 385,000; under 'Audit' the South Indian Railway spends Rs. 509,000, the Burma Railways Rs. 425,000 whereas the Eastern Bengal Railway spends Rs. 940,000. Under 'Stores' the South Indian Railway spends Rs. 300,000, the Burma Railways Rs. 170,000 and the Eastern Bengal Railway Rs. 564,000. Under 'Engineering', the figures are Rs. 12,20,000 for the South Indian Railway, Rs. 11,10,000 for the Burma Railways, and Rs. 13,90,000 for the Eastern Bengal Railway. Under 'Loco. Department', the figures are Rs. 715,000 for the South Indian Railway, Rs. 681,000 for Burma Railways, and Rs. 866,000 for the Eastern Bengal Railway. Under 'Carriage and Wagon Department', the figures are Rs. 242,000 for the South Indian Railway, Rs. 274,000 for the Burma Railways, and Rs. 474,000 for the Eastern Bengal Railway. Under 'Traffic' it is Rs. 580,000 for the South Indian Railway, Rs. 650,000 for the Burma Railways and Rs. 11,70,000 for the Eastern Bengal Railway. Under 'Medical' it is Rs. 197,000 for the South Indian Railway, Rs. 280,000 for the Burma Railways and Rs. 350,000 for the Eastern Bengal Railway—and I have never yet heard that the Eastern Bengal Railway service men are subject to greater ailments than people on the South Indian Railway or the Burma Railways. Under 'Telegraph' the figures are Rs. 297,000 for the South Indian Railway, Rs. 328,000 for the Burma Railways, and Rs. 270,000 for the Eastern Bengal Railway. Under 'other expenses'—that is, expenses not included in all the details that I have given above and for which extra provision is made—the figures are Rs. 514,000 for the South Indian Railway, Rs. 548,000 for the Burma Railways, whereas it amounts to Rs. 15,70,000 in the Eastern Bengal Railway. I want to inquire, Sir, is there any justification for this disparity and difference? If you will take the route mileage for these three railways, you will see they are about the same—1,876 miles South Indian Railway, 1,987 miles Burma Railways; and only 1,919 miles on the Eastern Bengal Railway or less than the Burma Railways. Now, if there is such a close resemblance or similarity in the route mileage and if there is such a vast and extravagant disparity in the expenditure, is it not a case for serious attention being paid by those who are in authority, to whom is entrusted the management and custody of this public money, to see that the expenditure is adjusted according to the same standard scale? There must be some standard scale fixed; and it is only according to that that they must proceed. The Inchcape Committee proceeded under certain ratios and they have been working out certain ratios of working expenditure the gross earnings. Were they wrong? Is Lord Inchcape out of date? Is he a man of ancient days? Is that report still enforced in this Government by these finance officers? Have they still got that report in their library or have they put it into some old Curiosity Shop? Sir, I ask whether there is any justification for any extravagance of this kind, whatever may be the variations or points of difference between the various companies in the matter of the country that they serve, whether on one railway there are more jungles and forests than on another? The simple reason is that certain accumulations of officers have been made in some companies; they could not dispense with them and they continue; and when they go another somehow creeps easily in and therefore it is that they are unable to control this expenditure. If, on the other hand, a strong hand is placed over them—and once more I say this—if the Audit Department turns its attention to the difference of expenditure and this difference of ratios and checks the

extravagant expenditure, then and then alone the finances of this country will be safe. Otherwise, Sir, the tax-payer's money will be wasted in every direction.

**Mr. M. S. Sesha Ayyangar:** Sir, I shall try to explain to the House as to why it is that this figure of Rs. 2 crores has been put down in this motion. It is nearly 16 to 17 per cent. of the Demand under this head which is Rs. 12,80,00,000. Now, the reason for putting this figure is this: the Honourable Mr. Prakasam wants to cut down the working expenses by 16 per cent. of the existing figures. This Rs. 12 crores is a portion of the Rs. 65,22,00,000 asked for as the total working expenses for the coming year (1927-28) out of the total gross earnings of Rs. 100 crores and odd budgeted for the year. If about 20 per cent. of that is cut down, it reduces itself to a figure which would work out at 50 per cent. of the gross expenses. Strictly speaking, it will work out at 2 crores and 60 lakhs. Anyway, that is the reason why this figure of Rs. 2 crores has been put down in this motion. The reason, I would submit, for the consideration of the House for acceding to this motion is this: As I submitted, about three days back, on the general discussion of the Railway Budget, it has been more or less a convention established under long usage, that the working expenses of the Indian railway administration have always been taken to range from 44 to 50 per cent. of the gross earnings; and we have got quite recently also an instance like that—I refer the Honourable Members of this House to page 21 of the Explanatory Memorandum—paragraph 2 (ii) in connection with the Dhone-Kurnool Extension. There is mentioned an agreement entered into between the Government of India and H. E. H. the Nizam's Government for the working of a section of that branch line and they have put down the working expenses at 50 per cent. of the gross earnings. Now, Sir, that is a recent contract entered into between the Government of India and the Nizam's Government; and if that is so, the simple ground upon which the whole thing ought to rest is this; why should not the expenses of the railway administration, in regard to further extensions and in regard to the working expenses of the coming year also, be reduced to this 50 per cent.? The Government of India themselves have entered into a contract to prescribe their working expenses in connection with this railway as 50 per cent.; and we are simply asking the Government and the Railway administration to extend and adopt that principle to their own working expenses for the coming year 1927-28. I would further add that, in Japan, the ratio which the working expenses bears to the gross earnings is 46 per cent., as I am told and Japan is a country in Asia which is more civilised and more modern in her equipments; and I cannot see any particular reason why our Indian Railway administration should have a bigger ratio of working expenses than what obtains in Japan and what obtains in their own contracts with their branch railway companies. One other reason, I would submit, why this cut should be made is this: the other day, my friend, the Honourable Mr. Prakasam, drew the attention of this House to certain figures regarding the maximum and the minimum salaries which obtain in other countries where State Railways exist. I would submit to the House that in all countries on the Continent of Europe or Asia, where there are State Railways, the maximum salaries paid are much lower than in India. I have got the figures here in the currencies of the respective countries and their equivalents in rupees. In Norway the House will find that the maximum salary is Rs. 16,665 per annum; in Sweden it is Rs. 8,750; in Denmark it is Rs. 16,000;

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in France it is Rs. 80,000, in Belgium it is Rs. 17,500 and in Japan it is Rs. 12,240; whereas in India it is Rs. 72,000. So that in India it works out at nearly six times that obtaining in Japan and nearly two and a half times that obtaining in France. I submit, Sir, that this is really extravagant expenditure. All this can be cut down only if that healthy salutary rule of 50 per cent. ratio of working expenses is adhered to.

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, in rising to take part in this discussion, I do not do so to support the motion before the House. Possibly I might have supported it if it had been a smaller cut.

My one reason for joining in this discussion is to elicit certain information in connection with railway medical administration from the Honourable the Railway Member if he will be good enough to supply it, and so my remarks will be confined entirely to the medical administration of railways in India. I have carefully gone through the various pink books that have been supplied to us, and I find that it has certainly supported the opinions expressed on the other side of the House so far as the different scales of salaries given to various Railway Agents. I refer to medical officers and it will be interesting to know that State Railways are more liberal in their Chief Medical Officers' salaries than are Company-managed Railways. There is one railway of which no mention is made about its medical administration—the North Western Railway. I should like to know what its medical administration costs this country. In this connection I hope the Government will not delay any longer in publishing Colonel Needham's Report on his enquiry into the Railway Medical Services. Now, let me take two of the largest Railways, the East Indian Railway and the Great Indian Peninsula Railway. You will find that in both the Chief Medical Officer starts on an initial salary of Rs. 2,250 and his maximum is Rs. 2,500. If you compare this salary with that paid to Chief Medical Officers on other Railways, Company and State-managed, you will find that it is in some cases more than double. There is moreover not one Company-managed Railway that gives such liberal salaries to its District Medical Officers as do the State-managed Railways. It will be interesting to know why this disparity exists, because there is only one market for recruiting medical men in England, indeed all Railways recruit most of their medical men from England, I really cannot understand why there should be such a great disparity in the salaries paid to the Chief Medical Officers of the different Railways in India. In this I do not include the smaller Railways. It seems rather strange for a medical man, as I am, to stand up in this House and speak as it were against the interests of his colleagues, but, Sir, I am not doing it in that spirit; I am doing it for the good of India and for a standardization of wages. Let us take the I. M. S. It does not give different salaries to its medical officers in different Presidencies in India. The Surgeons General of Bombay, Madras and Bengal receive the same scales of pay. There might be some excuse for the disparity in the salaries of various Railway Agents, but this cannot be used in regard to medical officers whose salaries should be standardised at least in all State Railways. The Company Railways are of course at liberty to appoint their own officers and fix their own scales of pay. I think, Sir, it would be better if we standardised the salaries of medical officers on the different Indian Railways, and I make

this suggestion for the consideration of the Honourable Member in charge. I refuse to accept that India cannot supply all the medical officers needed for the different railways, and whatever may be said about the other departments of the Railways, where skilled technical experience is a *sine qua non*, this argument cannot apply to the medical department, because we who are born in this country and are of this country—and I claim to be a statutory native of India—have supplied I. M. S. Inspectors General and Surgeons General in various parts of the country, and if we can supply men fit to hold such highly responsible posts, I am quite sure we are quite able to supply all the District Medical and Chief Medical Officers for every Railway in India. I understand that Government are recruiting a larger number of Indians as medical men for the Railways, and I am thankful for this; I am also grateful to the Government for recruiting a number of Anglo-Indians. But how do the salaries of medical officers recruited in India compare with the wages given to men recruited from England? The difference is very large, and it should not be so. For instance, take the salary of a young medical officer recruited in England for the East Indian or the Great Indian Peninsula Railway and compare it with that given to a medical officer recruited in this country. It would not be comparable. I remember last year the Railway Board advertised for two medical officers for State Railways, the salary offered was about Rs. 400 or Rs. 450. For these two appointments I believe there were nearly 500 applicants, many of them possessed much higher medical qualifications than those possessed by the average railway medical officer imported from England; and to think the salary offered was only Rs. 400 or Rs. 450. Sir, this disparity in pay is not right. It may be asked why do I make this statement. I make it because I consider that, so far as the Medical Department of the Railways is concerned—and I talk as a medical man myself—India can supply most of her own railway medical needs—I will not say all—and this inability is not the fault of the Indian colleges and universities; it is because these colleges and universities have not been properly constituted and organised. There is not one Indian trained in any of the Indian Medical Colleges or Universities occupying the position of Chief Medical Officer on a single Indian Railway, State or Company. It is also interesting to note that every Indian and Anglo-Indian railway medical officer is holding a very unimportant appointment indeed; the plums of the appointments are certainly not given to them, but are all held by European imported medical men. There is a case, Sir, that happened quite lately. The case of a European District Medical Officer in one of our State Railways who, though he was not found fit to be its Chief Medical Officer, was transferred as Chief Medical Officer to another State Railway. . . .

**Mr. President:** Order, order. I do not exactly understand what the Honourable Member is aiming at. Is he supporting the cut of 2 crores, or opposing it? I have already pointed out that we have come to particulars from generalisation, and it is not right for Honourable Members to utilise this occasion for the purpose of a general discussion of policy.

**Lieut.-Colonel H. A. J. Gidney:** I bow to your ruling, Sir, but I had no idea that I was generalising when I protested against this disparity in salaries and this excessive importation of Europeans into the Railway Medical Services and urged the more liberal engagement of Indians of all classes including Anglo-Indians.

**Mr. President:** Is the Honourable Member speaking in connection with the cut of 2 crores?

**Lieut.-Colonel H. A. J. Gidney:** Yes.

**Mr. President:** Is the Honourable Member supporting or opposing it?

**Lieut.-Colonel H. A. J. Gidney:** I am not supporting it; I am opposing it.

**Mr. President:** It appears to the Chair that the Honourable Member is referring to the policy underlying the appointment of certain medical officers in the Railways. This is not the occasion for asking questions to the Honourable the Commerce Member and eliciting information on matters of policy in regard to particular appointments.

**Lieut.-Colonel H. A. J. Gidney:** I bow to your ruling, Sir. If you rule me out of order, I have nothing further to say, except to state that I will not support this motion on the ground of its extravagance; but had it been a smaller cut, I should certainly have gone into the lobby and supported it.

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I had put down a motion under this Demand to draw attention particularly to the unsatisfactory character of the South Indian Railway administration, and with due deference to your ruling, Sir, I take strong exception to the policy of the South Indian Railway Company in multiplying higher appointments and in starving the lower services. The present position of the South Indian Railway administration is that they are embarking upon huge capital expenditure; some time ago it was found by the Public Accounts Committee as well as by the Auditor that there was negligence in the management of stores on the South Indian Railway; yet they are also piling up their higher establishment like anything. In particular, Sir, I want to point out that they have provided this year for the appointment of two Deputy Agents. That Railway has got on without two Deputy Agents till now . . .

**Mr. President:** The Honourable Member is attempting to speak on the merits of his own motion which is lower down in the list—can he really justify a cut of 2 crores by proving a case for a cut of Rs. 2 lakhs?

**Mr. A. Rangaswami Iyengar:** Yes, Sir, my arguments will justify that cut.

**Mr. T. C. Goswami** (Calcutta Suburbs: Non-Muhammadan Urban). Is it not permissible to an Honourable Member to make out a case for remaining neutral?

**Mr. A. Rangaswami Iyengar:** I am only trying to gather up the various small sums which make up the 2 crores, in particular I want to make out . . .

**Mr. President:** The Honourable Member's motion for a cut of 2 lakhs must stand on its own merits. He will have his opportunity later to justify it. This big cut of Rs. 2 crores should not be mixed with smaller cuts for which motions have been put down.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): On a point of order, Sir. Would it not facilitate the discussion in this House if Honourable Members who have put down a smaller cut than 2 crores under this particular head were given an opportunity at this stage to express their opinion on the point?



**Mr. President:** They can only speak on the question raised by that particular cut. The question is whether a 2 crores' cut should be made in this particular Demand or not. The Honourable Member is perfectly entitled to speak on the merits of that particular cut, but he cannot take up his own motion for a smaller cut and raise a debate on it.

**Mr. A. Rāgaswami Iyengar:** May I again submit, Sir, that the cut which Mr. Prakasam has put down for Rs. 2 crores includes retrenchments of the character which I am now pressing on the House, namely, that these appointments of Deputy Agents, in particular on the South Indian Railway, ought not to be made and that a retrenchment ought to be effected.

**Mr. President:** I am afraid I cannot allow the Honourable Member to do so on this motion. He will have his opportunity when he moves his motion.

(Several Honourable Members moved that the question be put.)

**Mr. H. G. Cocke** (Bombay: European): Sir, the particular point we are discussing, I take it, is the question of standardisation of expenses over different railway systems and the Honourable Member on the back bench said that he looked into the figures of three lines, the Eastern Bengal, the Burma and the South Indian, and ascertained that the working expenses of the Eastern Bengal were very high in comparison to the other two. I find on looking up the European staff on these three lines that the number is greater in the case of Burma and the South Indian than in the case of the Eastern Bengal. On the Eastern Bengal the number of European Gazetted officers employed was 82 on the 1st April, 1926, and on the Burma Railways 95 and on the South Indian Railway 106. It would therefore appear that the Eastern Bengal Railway is running economically so far as European staff is concerned.

**Mr. Vidya Sagar Pandya** (Madras: Indian Commerce): On a point of order, Sir. Is the Honourable Member speaking on the cut of 2 crores?

**Mr. President:** I am allowing the Honourable Member to proceed with a view to find out whether he is really in order.

**Mr. H. G. Cocke:** I was talking directly on the question of standardisation of railway expenses which has been raised and I was seeking to point out that of the three railways which have been taken as examples, on the particular subject of European employees, the Eastern Bengal Railway had fewer Europeans than the other two lines and therefore it would appear that that was not the reason why the working expenses of that Railway were high as compared with the other two systems.

(Several Honourable Members then moved that the question be put.)

**Mr. President:** The question is that the question be now put.

The motion was adopted.

**The Honourable Sir Charles Innes:** I have listened to this debate with the greatest attention and I must confess that I have not yet been able to discover the case which I am asked to meet. I understood that my Honourable friend Mr. Prakasam's case was that had we Indianised 50 years ago or 70 years ago, as the case may be, we should have reduced our expenditure upon administration and salaries. Because we did not

[Sir Charles Innes.]

do that he now proposes that in this one year we should cut down our expenditure by no less a sum than Rs. 2 crores. I could have understood the Honourable Member if he had proposed a token cut in order to mark his displeasure or this House's displeasure at the failure of the Railway Board in past years to go in very vigorously for a policy of Indianisation. But I put it to the House that it is not consonant with reason that the Honourable Member should ask the House to make a cut of Rs. 2 crores in order to induce us to go in further for Indianisation. The Honourable Member knows, or at any rate he ought to know, that we are now Indianising much faster than it has ever been done before and that we recruit men on precisely the same scales of pay whether they come from England or from India excepting this one point of difference. There is a basic pay and an overseas allowance. People recruited in India get the basic pay whereas people recruited in England get the basic pay *plus* the overseas allowance and if you club together the overseas allowances granted to all officers in the administrative part of the Indian Railways that sum would not come to anything like 2 crores. Therefore the point the Honourable Member tried to make was entirely off the mark.

The only other matter to which I need refer is that of Mr. Duraiswamy Aiyangar, who, I regret to see, is not in his place. Mr. Duraiswamy Aiyangar suggested that by standardisation we should reduce the expenditure on the Indian Railways. He deliberately made the statement that our expenditure on administration should bear a definite proportion to our gross receipts. Well, Sir, if the Honourable Member had studied the Acworth Committee's Report and the debates in this House during the past few years he would have arrived at the very obvious fact that our gross receipts vary enormously from one year to another in accordance with fluctuations of trade and the state of the harvest. Does the Honourable Member seriously suggest that when, as in this year, we have to reduce by  $4\frac{1}{2}$  crores our estimate of gross receipts, we should make a proportionate cut in our standing charges in administration? I think I have only to put the point to the House for them to realise that there can be no justification whatsoever for what the Honourable Member said.

Then, Sir, he repeated the old suggestion that we should try to standardise expenditure on different railways regardless of the character of the country through which these railways pass. Now, Sir, that very suggestion was made on the floor of this House by Mr. Rama Aiyangar two years ago. We had a debate about it. Mr. Sim dealt with it on the floor of this House, but as some Honourable Members were not satisfied, I made an offer. I made an offer that Mr. Rama Aiyangar's suggestions should be examined by the Financial Commissioner for Railways in a memorandum and that that memorandum should be put before the Railway Standing Finance Committee. That promise was faithfully carried out and the Standing Finance Committee intimated that they did not wish to pursue the matter further. I must say it has been rather a disappointment to me that Mr. Duraiswamy Aiyangar should again trot out this ancient fallacy. I do not think I need say anything more. I am quite certain that the House will not accept the motion for this cut.

**Mr. President:** The question is:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 2,00,00,000."

The Assembly divided:

AYES—29.

Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sesha.  
Belvi, Mr. D. V.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Goswami, Mr. T. C.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jogiah, Mr. Varahagiri Venkata.  
Khin Maung, U.

Lahuri Chaudhury, Mr. Dharendra Kanta.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Naidu, Mr. B. P.  
Prakasam, Mr. T.  
Ranga Iyer, Mr. C. S.  
Roy, Mr. Bhabendra Chandra.  
Sarfaraz Hussain Khan, Khan Bahadur.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.

NOES—53.

Abdul Aziz, Khan Bahadur Mian.  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Akram Hussain Bahadur, Prince A. M. M.  
Allison, Mr. F. W.  
Anwar-ul-Azim, Mr.  
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.  
Ayyangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha Gopalaswami.  
Bhore, Mr. J. W.  
Bhuto, Mr. W. W. Illahibakhsh.  
Blackett, The Honourable Sir Basil.  
Chalmers, Mr. T. A.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Ghulam Kadir Khan Dakhan, Mr. W. M. P.  
Ghuznavi, Mr. A. H.  
Gidney, Lieut.-Colonel H. A. J.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Hayman, Mr. A. M.  
Hezlett, Mr. J.  
Hindley, Sir Clement.

Howell, Mr. E. B.  
Innes, The Honourable Sir Charles.  
Jowahir Singh, Sardar Bahadur Sardar.  
Kabul Singh Bahadur, Risaldar-Major and Honorary Captain.  
Keane, Mr. M.  
Lamb, Mr. W. S.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra Nath.  
Mohammad Ismail Khan, Haji Chaudhury.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Roy, Mr. K. C.  
Sassoon, Sir Victor.  
Singh, Rai Bahadur S. N.  
Singh, Raja Raghunandan Prasad.  
Suhrawardy, Dr. A.  
Sykes, Mr. E. F.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Yakub, Maulvi Muhammad.  
Young, Mr. G. M.

The motion was negatived.

*Appointment of Deputy Agents on the South Indian Railway.*

**Mr. A. Rangaswami Iyengar:** I move:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 2,00,000"

in order to provide for retrenchment on the South Indian Railway. I notice in the Budget that they have made provision for the appointment

[Mr. A. Rangaswami Iyengar.]

of two Deputy Agents which is wholly unnecessary. While they have been going on adding to the number of higher appointments they have been starving the lower men on minimum wages of Rs. 20 and what not. The South Indian Railway is one of the unsatisfactory lines managed by companies which are owned by the State and I submit that the Government have not exercised their proper powers of control either under the general powers of administration or under the contract in dealing with the vagaries of the South Indian Railway. I submit that that Railway has not been Indianising properly. It has put Indians on the lowest minimum starvation wages of Rs. 20-8-0 a month, i.e., for an educated man who starts subordinate service and if an Indian is recruited to the officer's grade he is paid the princely salary of Rs. 60 a month; he is then called an apprentice, and then when he is confirmed—he is confirmed on a very lower scale of salary, whereas a man who is recruited in England starts on Rs. 450 a month. I say it is a most outrageous scheme of recruitment and in that way the expenses of the entire management are being put up on a very extravagant scale while the lower grade men are being starved. The management is inefficient and I therefore think that the working of the South Indian Railway Administration deserves to be immediately looked into. I also submit that there is a great deal of nepotism in that Railway and I want Government to look into this also. Government have had recently occasion to express the strongest disapproval of their methods in regard to the management of timber stores. Under these circumstances I submit that the South Indian Railway should be asked to practise retrenchment in the higher grades and grant decent scales of living wages in respect of their lower subordinates, and to see that no patronage is exhibited in making appointments and that the gross irregularities of account and audit if not more are not repeated as they have been in the past.

**Mr. A. M. Hayman** (Railway Board: Nominated Official): Sir, Mr. Rangaswami Iyengar has dealt with the matter very briefly. I will give him a brief reply. I will take up first the statement that he made that some discrimination was being shown to Indian officers appointed in a sort of probationary capacity on the South Indian Railway and that they are being paid Rs. 60 a month. The facts are that these are students who are being helped by a stipend to enable them to obtain the degree of A. M. I. C. E. (India), and if these students . . . . .

**Mr. A. Rangaswami Iyengar:** May I interrupt . . . . .

**Mr. A. M. Hayman:** No, sit down, Mr. Rangaswami Iyengar, please.

**Mr. President:** The Honourable Member is not entitled to say "Sit down" to any other Member.

**Mr. A. M. Hayman:** I beg your pardon, Sir. I apologise to my Honourable friend, Mr. Rangaswami Iyengar. It was entirely due to our friendly relations that I spoke to him in that vein.

These students, if they are qualified and obtain appointments in the officers grade, will commence on the proper pay which is given to every officer who is appointed to such grade. Now, Sir, I take up the real point on which the Honourable Member has brought this motion. He says, Sir, that he objects to the two appointments of Deputy Agents on the South Indian Railway. I wish to point out to him first that provision

for new appointments in a budget is not necessarily an authorisation that the expenditure shall be incurred by a subordinate authority. The proposals of the South Indian Railway for these two extra appointments are under consideration at the present moment by the Railway Board. I may also say that the Railway Board are inclined to view with favour the addition of one appointment because of the very large programme of new construction and rehabilitation works that are going on on the South Indian Railway. My Honourable friend comes from Madras and I am sure he is very pleased with all that is being done on the South Indian Railway to extend the railway system there. Well, Sir, if you want to control the expenditure that is being incurred on a large scale or new construction and on new works you must have adequate supervision. You cannot do without it, Sir, and the Railway Board, as I say, view with favour the addition of one temporary officer of the rank of Deputy Agent to help the Agent to control this huge expenditure. The Railway Board, Sir, have not made up their mind about the other appointment, but Sir, what I wish to say is this, when the Railway Board have made up their mind as to what they are going to do in this matter, they will place before the Standing Finance Committee for Railways their proposals if they decide to create these appointments. No additional expenditure will be incurred in connection with these appointments until that memorandum has been placed before the Standing Finance Committee and considered by them. Now, Sir, in view of this explanation I would ask my Honourable friend to withdraw his motion.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 2,00,000.”

The motion was negatived.

**Mr. Varahagiri Venkata Jogiah** (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): I do not move this amendment\* as the point I wished to raise has been dealt with already.

*Administration of the Stores Department, North Western Railway.*

**Lieut.-Colonel H. A. J. Gidney:** The motion standing against my name is for a reduction of one lakh in regard to the Stores Department of the North Western Railway. In this connection I would draw the attention of the House to a series of questions that were asked on the 30th August 1926 by my Honourable friend Mr. Neogy. These questions related to certain contracts that were placed by the North Western Railway with a contractor named Messrs. Diwan Chand and Sons of Lahore. I know neither the contractors, nor the Controller of Stores of the North Western Railway—I have never seen them nor met them in my life. So I do not know what are the usual procedure and contract terms demanded by the North Western Railway from its contractors. I am unfortunately more familiar with the unusual methods of the Controller of Stores. In reply to these questions the Honourable Member in charge of this department replied that the lowest suitable tender was accepted and there was nothing unusual in the procedure detailed in the questions asked. Now, Sir, if the Member in charge of this department thought there was nothing unusual in this procedure I desire to know why did the

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\*“That the Demand under the head ‘Working Expenses: Administration,’ be reduced by Rs. 1,00,000.”

[Lieut.-Colonel H. A. J. Gidney.]

Honourable Member take further action in this matter and did the action he took result in a further inquiry being made and which in turn led to the exposure of certain irregularities on the part of the Controller of Stores and if so what further action has he taken in this matter. I am given to understand that the Railway Board took some action in this matter notwithstanding the reply given by the Honourable Member. I speak subject to correction, but, I believe that a letter was written by the Railway Board to the Agent, North Western Railway, on the 8th October, 1926, calling his serious attention to financial losses due to the gross irregularities amounting, I understand, to a very serious offence on the part of the Controller of Stores in his relation with Messrs. Diwan Chand and Sons' tender. Now, Sir, I want to know what further action the Railway Board proposes to take in the matter against this firm of contractors whose names had been previously removed from the East Indian Railway.

**Sir Clement Hindley** (Chief Commissioner for Railways): May I ask the Honourable Member a question? Would he kindly explain what cases he is referring to? I am afraid I did not catch the reference.

**Lieut.-Colonel H. A. J. Gidney**: I am referring to questions Nos. 107 to 112 asked by Mr. Neogy on the 30th August last year regarding certain contracts for castor oil, lubricating oil and cotton waste supplied by Diwan Chand and Sons to the North Western Railway. To continue, Sir, I believe—I speak subject to correction—that the Railway Board did take action in this matter. Sir, we have heard such a lot in this House about Railway scandals. We have heard about the East Indian Railway cotton waste scandal and I have not forgotten the admonition the Honourable Member tried to give me for my reference to it and my defence of Mr. D'Cruz. I wish to call this also a scandal, for in view of the questions asked and the replies given by the Honourable Member as also the actual facts of the case, I think this House is entitled to ask him what further action he proposes taking, in addition to the action I believe he has already taken—I refer to his letter of the 8th October, 1926. I ask this for two reasons. Firstly in the interests of proper administration, and secondly to oppose and if necessary to expose what, as far as I can see, seem to be different kinds of treatment and punishments inflicted on officials and subordinates for almost similar offences. I would not even suggest that this is the intention of the Honourable Member for I do believe, in fact I am sure, that when he answered Mr. Neogy's questions he was not accurately, properly or fully informed of the facts. But I do consider that such cases should be severely dealt with, and I hope the Honourable Member will be kind enough, when he replies to this, to let this House know what action he has taken or what further action he proposes to take, and secondly, if my information is correct, whether in his opinion it is right that contractors of this type should be allowed to exploit the railways. Sir, I move my motion.

**The Honourable Sir Charles Innes**: Sir, the Honourable Member has taken me entirely by surprise because he gave no notice of the particular contract he had in mind, and however efficient we may be in the Railway Board we do not carry in our minds the details of every contract entered into by every particular railway for oil. But I understand he is referring to a certain contract for castor oil entered into by the North Western Railway with a firm called Diwan Chand and Sons. I think I am correct in saying that in the first instance tenders were called for for this castor oil,

and on an examination of the tenders an order was placed with Diwan Chand and Sons. Later on in the year when the Railway wanted further supplies, instead of calling for fresh tenders they placed a further order with the same firm. That was the burden of the complaint and I think I am correct in saying that that is quite a usual procedure. I do not know what letter the Honourable Member refers to. I can only say that in view of what he has said I will look into the matter again, but I am afraid I cannot say more.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses : Administration’ be reduced by Rs. 1,00,000.”

**Lieut.-Colonel H. A. J. Gidney:** Sir, in view of the promise given by the Honourable Member, I ask your permission to withdraw this motion.

The motion was, by leave of the Assembly, withdrawn.

*Arrangements for the Hardwar-Kumbh Mela.*

**Pandit Hirday Nath Kunzru** (Agra Division : Non-Muhammadan Rural): Sir, I move:

“That the Demand under the head ‘Working Expenses : Administration,’ be reduced by Rs. 1,000.”

In view of the large amount of business that the House has still to go through I shall be as brief as possible. I will not deal generally with pilgrim traffic, which is a special branch of third class traffic. The grievances of third class passengers have frequently been placed before this House. But I wish to ask on this occasion what arrangements Government are making in connection with the Hardwar-Kumbh Mela to be held in April next. I have no inconsiderable experience of these melas myself, and although I can say that during the last 12 years an appreciable improvement has taken place in the manner of handling third class traffic,

there is still great room for improvement. In a debate that took place last year, it appeared from what fell from the Honourable Member for Commerce that he was under the impression that wagons were not being used now to convey third class passengers. My Honourable friend, Mr. Rangaswami Iyengar contested that statement. I am free to admit that the use of wagons has become much more infrequent than it used to be in the past but they are still used. However, I would like to know whether any instructions have been issued to the railway authorities not to employ wagons for the conveyance of third class passengers. If they have been, I have nothing more to say on this point. But if they have not I would like to say that this is a matter that requires the particular consideration of Government, and that, where third class passengers are conveyed in wagons, it is only fair that they should not be charged the full third class fare. (Mr. A. Rangaswami Iyengar: “No, they should not be conveyed in wagons at all.”) I am certainly on principle against these passengers being conveyed in wagons, but where wagons are used, it is only fair that they should be charged less fare than they would be if they were conveyed in ordinary carriages. (Mr. N. M. Joshi: “Half rates.”)

My special suggestion in this connection is that on the occasion of the Hardwar-Kumbh Mela, the Government should ask the Railway authorities to appoint a superior officer specially to look after the third class passengers. The pilgrims, who flock to Hardwar, will remain in the

[Pandit Hirday Nath Kunzru.]

station yard for about a week—at any rate my experience of the twelve-yearly and six-yearly *Kumbhs* of 1915 and 1921 is that the passengers had to remain in the open for days and days in the station yard. I know it was not possible to convey all passengers in the course of 24 hours. But since these passengers remain on railway premises for a number of days, it is only right that there ought to be a special officer charged with the responsibility of looking after them. It is not enough that you should have subordinate railway officials or Sub-Inspectors of Police to see that they are not maltreated, for it is not infrequently that complaints have to be made against these very officers who are supposed to protect third class passengers, and I hope that this suggestion will be given effect to. I am sure that if the superior officers of the railways look upon the handling of third class traffic as a matter not less in importance than any of the other questions dealt with by the railway authorities, the point of view of the subordinate officers will change, thus adding greatly to the convenience of the large number of passengers who flock to the sacred places of pilgrimage periodically.

Before I sit down I should like to say a word also about overcrowding. During the last twelve years while I have seen appreciable improvements carried out in every direction, I am sorry to say that my own experience does not enable me to say that there has been any improvement in regard to overcrowding. The Honourable the Commerce Member does not accept the accuracy of that statement. May I assure him in view, if I may say so, of the special experience that I have of mela traffic in the United Provinces that I cannot honestly say that there has been any appreciable improvement in this direction? There is still a great deal of overcrowding.

**The Honourable Sir Charles Innes:** At melas?

**Pandit Hirday Nath Kunzru:** At melas. Of course I am speaking of melas. I have discussed this matter often with railway officers and asked them why it is not possible that coaching stock at least on various lines under the control of Government should be pooled on these occasions. At one time, that was before the East Indian Railway had come under Government management, the reply given to me by an officer of the Oudh and Rohilkhand Railway was that it would be a very expensive business to take over the stock of a Company-managed Railway.

**Sir Clement Hindley:** Why?

**Pandit Hirday Nath Kunzru:** That was the only argument that he used. To me that particular argument does not appeal very much. If you are earning a great deal through third class passenger traffic you ought not to make it a point to see in connection with pilgrim traffic that you carry every passenger at a profit. Even if you have to incur a small loss on special occasions, it is worth while undergoing it in view of the general importance of third class traffic and the large income that third class passengers contribute to the revenue of the railways. I do not know whether any action has been taken in this direction in the past or whether any action of a similar nature is contemplated in connection with the Kumbh Mela to be held at Hardwar, but I would earnestly press this matter on the attention of Government, particularly as the East Indian Railway and the Great Indian Peninsula Railway both are now being managed by Government.



**Rai Bahadur Tarit Bhusan Roy** (Bengal Mahajan Sabha: Indian Commerce): Sir, I am glad that my friend Pandit Hirday Nath Kunzru has invited attention to the question of Pilgrim traffic. I believe I shall be failing in my duty if I did not give expression to my feelings regarding the inconveniences and privations of lower class passengers and the pilgrims. There is no doubt whatsoever that the question of providing better amenities for lower class passengers—and surely the pilgrims come under this category—is a matter of paramount importance. These lower class passengers have been suffering in silence, because they are uncomplaining and poor; they are voiceless. In this connection I think I ought to invite the attention of the House to the report which was submitted by the Sanitary Commissioner to the Government of India in respect of the Pilgrims Committee. The Sanitary Commissioner to the Government of India, on the 27th of September, 1916, submitted the following report:

“The Government of India can hardly be aware of the amount of ill-feeling and ill-will towards themselves which these two conditions, namely, (1) overcrowding of ordinary trains and pilgrim specials, and (2) the use of goods wagons, engender.”

**Mr. A. A. L. Parsons:** What is the date of the report?

**Rai Bahadur Tarit Bhusan Roy:** 1916, 27th September. Sir, as a matter of fact I do not really understand why wagons should at all be used for carrying these pilgrims, these third class passengers. In 1920 when I appeared before the Acworth Committee I observed as follows:

“I regret to observe that at present the Railway Board have failed to satisfy the requirements of the public and to inspire public confidence, and I am personally inclined to press for its discontinuance. The manner in which the Indian travelling public, including the womanhood of the country, are packed almost like cattle in ordinary trains, not to speak of pilgrim specials, consisting most often of goods wagons and trucks, is sufficient to warrant the belief that the Railway Board have signally failed to justify their existence.”

Further, you will be pleased to find that no less a person than the President of the Railway Board made this observation: “that there are strong reasons for believing that third class passengers like wagons for travelling”. An astounding revelation! Wagons for travelling! That was an observation which was made by no less a person than the President of the Railway Board. This was in 1919 or 1920, and I want to invite the attention . . . . .

**Sir Clement Hindley:** Can I ask what President of the Railway Board that was?

**Rai Bahadur Tarit Bhusan Roy:** I have not got all the materials before me. I referred to that in the memorandum which I submitted before the Acworth Committee. I shall be able to furnish you with the information later on.

**Sir Clement Hindley:** All I wanted to make clear was that it was not I who made those remarks.

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): Does the Honourable Member describe himself as President of the Railway Board or as Chief Commissioner?

**Rai Bahadur Tarit Bhusan Roy:** I would not mention his name. It was in 1918, 1919 or 1920. I think I will not be justified in mentioning his name. That is the position. Should this treatment of third class

[Rai Bahadur Tarit Bhusan Roy.]

passengers and pilgrims be tolerated? Treatment such as this—I will not mince matters when I say that it is exasperating, to say the least of it.

My Honourable friend has referred to the festival of the Kumbha Mela which will come off in March or April. It is said that the pilgrims, the lower class passengers, like wagons better than anything else. Just fancy in the killing heat of March or April these pilgrims would prefer and like these wagons. I hope the day will come when the Members of the Railway Board will try and make an experiment and find out whether they would prefer and like wagons better than their saloons. I sincerely hope that they will make arrangements for carrying third class passengers not in these wagons and trucks but in proper and better third class compartments. I am glad that in the Railway Budget provision has been made for water supply and for better class of accommodation for lower class passengers, but at the same time I feel bound to draw attention to the fact that out of 219·58 lakhs, the magnificent sum of 2·76 lakhs only have been provided for latrine and sanitary arrangements for these lower class passengers. Is this sufficient? I do not think it is and I do hope that the whole of this amount will be properly applied. I have one further suggestion to make, that for the convenience of lower class passengers, and pilgrims in particular, who will have to travel in March and April, I think the time has come when arrangements should be made for providing third class compartments with fans.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, I just wish to make a very few observations in support of my Honourable friend Pandit Kunzru's speech. I view, Sir, with the greatest regret the overcrowding of railway carriages for the third class passenger. Shipping companies are not allowed to carry in excess of their numbers, and I fail to see why railways should be such constant and serious offenders. I accept at once the difference between a long sea voyage and a short railway journey, but the point I wish particularly to urge upon the Railway Board and upon the House is this, that third class fares are now so reduced that the last reductions have failed to produce that increase of traffic which was hoped for, and I would like to see the policy of the Government and of this House directed more towards the amelioration and improvement of the conditions of travelling of the third class passenger than to some further infinitesimal reduction in the rates of fares. I am extremely anxious to see the higher standard of living which we are all supposed to aim at for our fellow-men also aimed at for our fellow travellers. I remember very well the remarks made by our old friend, Colonel Stanyon, who said how happy the faces were in an overcrowded *tikka gari* and in an overcrowded train. That may be true, but it is not leading to a higher standard of life, and whilst I accept the inevitable that there must be overcrowding in the case of pilgrims when there is a rush, still, if the railways are compelled to put men into truck wagons, I do think they should get some advantage in the fares.

**Sir Clement Hindley**: Sir, I am very much obliged to Mr. Kunzru for bringing this matter up and for the manner in which he has done so. It is a pleasure to me, Sir, to be able to answer a speech like that of Mr. Kunzru because it comes from one who has a certain amount of authority in that he has himself experienced and seen a great deal of this pilgrim traffic. Before remarking on the special arrangements which we are making in regard to the Kumbh Mela, I wish to make a few general

remarks about this very difficult subject of pilgrim traffic. We and all our officers regret the overcrowding at these pilgrimage times, but those Honourable Members who have been through these melas will, I am perfectly certain, understand the difficulties we always have in controlling the crowds of people who come to them. You may say that difficulties are only made to be got over. Well we accept that and we do our best to get over them, but they are very serious difficulties. I was recently in Eastern Bengal in the neighbourhood of a place called Bogra and I was there when a very large local mela was taking place. I give this as a small instance of these difficulties. The best estimates that could be made, after consulting the local authorities of the number of pilgrims who would come to the fair was about 20,000. The place of pilgrimage was some distance from the line and was fairly equidistant from three or four stations, the line there being curved. During the days when I was there some 80,000 pilgrims had to be dealt with as against the 20,000 estimated by all the local authorities and the local people themselves who could be consulted. Now, I submit, that it is a very great practical difficulty, when you have made your arrangements for 20,000 passengers, with some allowance for excess, to find yourself confronted with 80,000. The difficulty is this. They come for two or three days beforehand but they all want to go away as soon as the particular occasion is over and they want to go away together. The difficulty is enhanced when many of them go to two or three other stations on the line by walking a few miles across country where they think they may get a train. In this case there was extraordinary difficulty in getting away the very large crowds that had assembled at the smaller stations near by. When I passed through one station there was a crowd of something like two or three thousand people at a very small place. They were very orderly people and they were very happy and they were all at that time sitting down all over the platform, all over the railway line, and all over the goods sheds. There was a small force of police and a few railway officials, and I just thought to myself "Now what is going to happen when the next train gets in", because when the train had just come in they all crowded up and got in in large numbers. When the next train came along I do not know what happened but I was told there were seven more special trains expected that night. It is obvious when a train gets to the first station where crowds are assembled it gets full up and I do not know what the people do at the next station or two or how they eventually get away. Now I am merely giving an illustration. I think everybody knows the difficulties; but we do take special measures to avoid the carriage of pilgrims in goods wagons. One of the officers came to me that evening when it was dark and getting very late and these people were all there faced with the possibility of remaining where they were all night because you cannot rush seven trains through at once; you must allow a certain interval to elapse between one train and another. If the number of passengers has greatly exceeded your anticipations and the passenger stock that you have arranged for is found insufficient how are you going to get them away? I said the only thing to do was to bring along a few goods wagons. I was told that they brought up some later which carried the rest of the people away. They went away quite joyful because they did not want to wait till the morning for another train. It is only on occasions like this that passengers now are occasionally carried in goods wagons.

The Honourable Member from Bengal quoted from the Report of the Pilgrim Commission of 1916. Well, Sir, I have only to remark that that

[Sir Clement Hindley.]

was in 1916 and this is 1927 and most Members of this House, I think, know that we have progressed a great deal in the direction of avoiding the use of goods wagons. We have had an unsolicited testimonial from one of our old opponents on the floor of this House who retracted a great deal of what he said about the Bengal and North-Western Railway in the past.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muham-madan): I never retracted anything.

**Sir Clement Hindley:** I do not suppose he ever will, but I understood him to say that from his observation on a recent occasion, a mela or something of the kind, the Bengal and North-Western Railway have improved in this respect.

**Mr. Gaya Prasad Singh:** Yes, I said so.

**Pandit Hirday Nath Kunzru:** The Bengal and North-Western Railway is bad enough even now.

**Sir Clement Hindley:** Well, Sir, the Bengal and North Western Railway has to meet special difficulties in that it has so far had only enough stock to meet the normal passenger traffic. I just want to mention that point, which is, I do think, not quite understood. If we are going to carry a very large excess of passengers suddenly at one period, it means one of two things: we have either to keep in reserve a large amount of coaching stock which is not going to pay, or we have to run the risk of being short. Now, on the Bengal and North-Western Railway we recognised two years ago they had not sufficient passenger stock to meet the requirements of pilgrim traffic; but they have improved their arrangements and we are pressing on them the necessity for making further arrangements for rolling-stock . . . .

**Rai Bahadur Tarit Bhusan Roy:** The arrangements in the Bengal Nagpur Railway are also very bad on the occasion of the Car festival at Juggernath.

**Sir Clement Hindley:** The House will recognise that I really cannot go into the case of all the railways now; I am dealing with the matter generally at the moment . . . .

**Mr. Gaya Prasad Singh:** You have dealt with the worst railway.

**Sir Clement Hindley:** I may say that in Northern India, on the State Railways, the North-Western Railway, the East Indian Railway, and the Great Indian Peninsula Railway, we have been endeavouring during this last year to effect some kind of pooling of the rolling-stock which is specially set aside for pilgrim traffic. We took up the question last year and we have gone to some extent in that direction. We have ascertained what excess stock would be normally required for the melas which usually occur and we are seeing whether we can have a pool of extra coaching stock which can be moved from one railway to another as required. I would like to say there is no difficulty on broad gauge railways for arranging, as between these railways, for the loan of coaching stock and no undue charges.

I may just very briefly say what we are doing for the Kumbh Mela which we understand this year is to be one of exceptional importance. The House knows, of course, that these large melas occur at Hardwar

every twelve years, and this is to be an exceptionally large one. The matter has been very carefully studied and has been under examination by the East Indian Railway and the adjacent Railways for some months past. No time has been lost in making advance arrangements for meeting this exceptional rush of passengers. Meetings have been held between the transportation officers of the North-Western Railway and the East Indian Railway and the Great Indian Peninsula Railway to consider how they can best make the necessary stock available. We have here to depend very largely on the estimate of local authorities and the people themselves; we expect to have something like one million passengers to deal with in excess of the ordinary passenger traffic. To work the time tables which can be to some extent laid down in advance for moving this vast number of people—I would just like to compare it with the moving of an army on one of the war fronts—moving a million people in the course of a few days is a very large problem indeed. To meet that, the railways estimate that they require fifty additional rakes of passenger coaches in order to run backwards and forwards and carry these people back to the places where they came from, on a very carefully worked out time table. These fifty rakes, we hope, to some extent—to a large extent—may be found by taking away passenger stock from the other railways—the three State railways or any other railway that can spare it. We are making very careful calculations with regard to that, and I hope it may be possible to work the arrangements without having to resort to goods vehicles. But if passengers are waiting and have to be got away, I think we must reserve the possibility of having to use goods wagons. That is the way I am putting it to the East Indian Railway at present. We strongly discountenance it if it can possibly be avoided; but if it does come at a time when the choice is between leaving the passengers there and keeping them waiting for perhaps some considerable time and moving them away to their homes, it is easy to see which course is the better one; but we shall make strenuous endeavours to avoid the use of goods wagons on this occasion.

There is one other point, Sir. Mr. Kunzru suggested that we should appoint a special officer to look after the passengers who remain at the station. The arrangements locally at Hardwar are very much in the hands of the Local Government, but there is definite consultation and co-ordination of our arrangements with the Local Government, and I understand that they are drafting in a very large number of special medical officers and medical assistants and various other officers into the surrounding area in order to watch over these passengers . . .

**Pandit Hirday Nath Kunzru:** Is the Honourable Member speaking of the Local Government or of the Railways?

**Sir Clement Hindley:** I am trying to explain that our officers are in close consultation with those of the Local Government, because sanitation and care of these pilgrims outside the railway station are the affair of the Local Government, and we are subordinating our working and our care of the passengers and our arrangements there to the plans of the Local Government. At the station itself and in regard to the passenger traffic generally, I am informed that six special experienced railway officers have already been appointed to be present for the Kumbha Mela itself on the East Indian Railway, and I think that should meet the point raised by Mr. Kunzru. They will be definitely charged with looking after the passengers.

[Sir Clement Hindley.]

I would like to make one slight remark about something which Mr. Kunzru said. He drew rather an unfortunate distinction between the action of the railway subordinates and the railway officers, and I do rather resent that on behalf of the railway subordinates, because I do think that in a case like this, where the subordinates are working with their officers and all in the interests of the passengers, it is a little unfair to draw that distinction. I think perhaps Colonel Gidney will support me in this. Railway officers and railway subordinates always work together, and I do think it is unfair to suggest anything of that kind. They are a body of men all working together as a team, and they are working at a time like this in the interests of the passengers to give them every convenience and to treat them properly. I am saying this in defence of all railway servants who have to deal with the travelling public. I hope, Sir, after the explanation I have given of the arrangements we are making for the Kumbha Mela, a matter which I understand was specially the subject of the Honourable Member's amendment, he will see his way to withdraw it.

**Mr. M. Rathnaswamy** (Nominated: Indian Christians): May I ask, Sir, whether Sir Clement Hindley will consider the question of not charging people who are conveyed in wagons third class fares?

**Sir Clement Hindley:** I am sorry, Sir, I omitted this point. It is of course quite impossible to do anything of that kind, because passengers buy their tickets in advance and wait for accommodation in the trains. They may or may not get accommodation in the regular passenger trains, and if some passengers are unfortunate enough not to be able to get accommodation in the passenger coaches, it will be impossible to issue special tickets later on if we have to convey them in goods wagons.

**Raj Bahadur Tarit Bhusan Roy:** Sir, this question is covered by motion No. 65 which stands in the name of my Honourable friend Mr. Joshi. . . .

**Mr. President:** What is the point of order that the Honourable Member is raising?

**Raj Bahadur Tarit Bhusan Roy:** I refer to the question put by my friend. . . . .

**Mr. President:** The Chair will see to it.

**Mr. President** (to Pandit Hirday Nath Kunzru): Does the Honourable Member wish to withdraw his motion?

**Pandit Hirday Nath Kunzru:** Yes, Sir, I ask the leave of the House to withdraw my motion in view of the reply given by Sir Clement Hindley.

The motion was, by leave of the Assembly, withdrawn.

The Assembly then adjourned for Lunch till Twenty-five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

**Mr. President:** The next amendment\* stands in the name of Mr. Joshi. The subject-matter of that amendment has already been discussed more than once in this Session.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Indianisation of the superior service, Sir.

**Mr. President:** The general question of Indianisation of service has been discussed.

**Mr. N. M. Joshi:** I thought, Sir, that I could have raised a debate on this motion that the superior service has not been sufficiently Indianised.

*Reduction of Third Class Fares.*

(Mr. President then called on Mr. M. K. Acharya to move his amendment† No. 37.)

**Mr. M. K. Acharya** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I do not propose to make any very long speech. I suppose the amendment refers to the reduction of third class fares.

**Mr. President:** There is no question of supposing. The amendment actually refers to that subject.

**Mr. M. K. Acharya:** Thank you, Sir. I am aware that already something has been done during the last few months to reduce the third class fares. I am particularly acquainted with the South Indian and the Madras and Southern Mahratta Railways in my own province, and I am sorry to note that the reductions which they have made are not as large and adequate as might have been expected in view of the very large profits which these two railways make. I am not of course advancing the argument that third class fares should be reduced beyond all proportion to what may be considered reasonable demands on the revenue of each railway. From the statement which was furnished to this House in reply to a question put by Mr. C. Duraiswamy Aiyangar on the 3rd February, we find that while on the East Indian Railway the reduction has been very considerable and the third class fares have come down to 2½ pies and 2 pies, on the Madras and Southern Mahratta Railway they are 3½ pies, and 3 pies, and on the South Indian Railway 3½ pies, 3½ pies, 3½ pies, 3 pies and so on for varying distances. Sir, the South Indian Railway runs across a land which is not particularly or exceptionally bad and there is no reason why the South Indian and the Madras and Southern Mahratta Railways should not also reduce their fares considerably. One other point that I want to raise is this, that there is consideration only with regard to long distance passengers. Most of these reductions apply to people who travel beyond 300 miles. I wish to submit to you, Sir, that the third class passengers who travel beyond 300 miles are a very small percentage of the total number of passengers. If you are really to give them amenities it must be irrespective of the distance that is being travelled by these third class passengers—whether the distance is 50 or above 50 or above 300 miles. I therefore submit that it would be very

\*That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 1,000 (Indianisation of superior staff.)

†That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 100. (Non-reduction or inadequate reduction of third class fares on several Railways.)

[Mr. M. K. Acharya.]

much more reasonable that all third class passengers should have the benefit of the larger earnings which have accumulated to the railways during the past few years and that all third class passengers irrespective of the distance they travel should be charged smaller rates. In particular I want to point out that the reductions on the first and second class are comparatively on a much more liberal scale. As I said, I do not want to make a very long speech; the discrepancy is so obvious, and I would press upon the attention of the House the very great desirability of making further uniform reductions in the fares for third class passengers. I hope that in view of the very large millions of people that are really concerned in this matter—and I have the honour to represent only the bulk of the middle class people—this motion will receive the very sympathetic consideration, at least on this side of the House, that it deserves.

**\*Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadian Rural): I propose to press—and I find that Mr. Acharya has already taken up the subject—that the Demand under the head “Working Expenses: Administration” be reduced by Rs. 101 . . . . .

**Mr. President:** The Honourable Member is entitled to speak on Mr. Acharya's motion. He cannot move his own amendment.

**Mr. Amar Nath Dutt:** I support the motion moved by Mr. Acharya and have only a very few words to say in respect of it.

In pre-war times the rate of third class fares was such that it went to increase the traffic, but since 1918 there have been increases. In 1918 there was an increase and again there was another in 1920. But for 36 years the railway fare that was charged for third class passengers had been uniform and that used to pay the railways and I do not see any reason why the fare should not be reduced to the pre-war level. It has been said that the third class passenger fare has been reduced to a large extent. But it has been reduced only in the case of passengers travelling long distances, that is, more than 300 miles. I beg to state that third class passengers do not travel long distances and the average distance travelled by them is about 60 miles. That being so, it does not really benefit the large bulk of the third class passengers. I should like to quote one passage from Lord Mayo's utterances so long ago as 1868 in support of my proposition.

**Mr. President:** When?

**Mr. Amar Nath Dutt:** As long ago as 1868, when the railways were just being introduced into this country, that is, 60 years ago. He said:

“It is to the third class passengers that we must look to make our railways paying and it is not by raising fares but by cheapening the cost of carriage and locomotion . . . that we must hope to develop the enormous revenue that we are now only touching from this source and the tendency of the railway management in this direction should be checked on every possible occasion.”

I beg to say that when the railway fares were increased there might have been justification, but all those causes do not exist now and we may very well bring down the rates to the pre-war level. As regards the sufferings of the third class passengers and other things I do not wish to trouble this House by narrating them because they have already been dealt with, as also the sufferings of pilgrims. I beg to submit that this is a subject which has often been discussed in this House and it is now high time that the railway authorities reduced the third class fares further.



**Mr. N. M. Joshi:** I also rise to support this motion. In 1924, when the Honourable the Commerce Member made his speech he stated that when we separated the railway finances from the general finances we would get better service at reduced cost and also that through our reserve funds we would get a reduction of fares and the general benefit of commercial management. I want to ask him whether the third class passengers are getting any benefit which he had promised in the year 1924. Sir, the separation of the finances have taken place. The Railway Board cannot now complain that it has not got any reserve fund. We have a reserve fund amounting to more than 10 crores of rupees. The railway management is said to have been commercialised. I therefore think that the third class passengers are justified in expecting a reduction of fares, but unfortunately they have not secured practically any reduction in their fares. There is no doubt that on some lines the fares have been reduced for longer distances. I do not wish to take up the time of the House by stating how the fares have been reduced, but I can say this that in the North-Western Railway the reduction has taken effect over 50 miles, while the average lead of the travel of the third class passenger is only 40 miles. On the Great Indian Peninsula Railway, the reduction of fares has taken effect over a distance of 150 miles, the average lead is 45 miles. On the East Indian Railway, the reduction of fares has taken effect for distances over 300 miles, while the average lead is 49 miles. On the Oudh and Rohilkhand Railway, the Bengal Nagpur Railway, and the Bombay, Baroda Central India Railway, the reduction has taken place only over a distance of 300 miles, while the average lead in these cases is 39, 49 and 33, respectively. You will thus see that for the average third class passenger there is absolutely no reduction. The reduction that has been made is a mere eye-wash and if the Railway Board had been honest they would not have said that they had made any reduction because they knew that that reduction was not going to benefit the large number of third class passengers. I think, Sir, the Railway Board has really no ground now not to reduce the third class wages.

**Sir Darcy Lindsay** (Bengal: Europeans): Wages?

**Mr. N. M. Joshi:** Third class fares. I am sorry I am always thinking of wages. They used to state some time ago that in reducing fares they were taking a great risk, but as they now have got a reserve fund of 10 crores of rupees, there is absolutely no risk now left. Secondly, they used to say that they had no sufficient coaching stock. I hope the Railway Board does not now say that, because we shall ask them what they have done with our 150 crores of rupees. They used to say that the cost of services has gone up but only last year I saw that the freight charges on coal have been reduced, but if the cost of services has gone down for the carriage of coal, I suppose, Sir, that the cost of services has also gone down for the carriage of human beings. The old excuses given by the Railway Board do not exist now. The effect of their persistence in the policy of charging high fares is not even beneficial to the Railway Board from the financial point of view. Ordinarily there used to be in the pre-war years an increase of third class passengers by about 25 millions. I do not remember the exact figure. That increase is not now kept up although the rates have been reduced. It is quite clear that if a commercial undertaking is to be run on commercial lines the fares must be reduced if you want to attract traffic. In any undertaking like this, where large capital is sunk in the construction of lines and stations, the more traffic you attract the better results you will get

[Mr. N. M. Joshi.]

from the point of view of commercial management. Then, Sir, if you consider the service which is given to third class passengers you will find that reduction is absolutely necessary. Sir, I do not wish to tire the House with many figures but I propose to give only a few figures to show what service third class passengers get for the fares which they have to pay. Sir, the Railway Board have at present 33,495 first class seats. These first class seats are used by 1,122,900 first class passengers in a year. That gives on an average 34 persons using one first class seat in a year. Now I do not want to give the figures for the other classes, though I have them with me.

**The Honourable Sir Charles Innes:** Is the Honourable Member speaking on this motion or his later motion "facilities for third class passengers"?

**Mr. N. M. Joshi:** Sir, I am speaking of fares, and I want to show that the third class passenger does not even get what he ought to get for the fare he pays, and therefore the fare must be reduced. I want to show that the fare should be reduced. In the case of third class passengers, the Railway Board has got 973,741 third class seats, and those seats have been used in a year by 564,418,600 persons; that is, each third class seat has been used by 580 persons, while the first class seat is used by only 34 persons in a year. You will thus see that when there is a reduction of the first class fare by a large proportion, the third-class fare ought to be reduced by a much larger proportion. This is quite clear from what the third class passengers give you. As regards the earnings I also wish to give only a few figures. The 33,495 first class seats bring in on an average per seat Rs. 351 each in a year. Of course the first class seat is a costly seat. But each third class seat also brings to Government Rs. 340 in a year. Now, Sir, the first class seat ought to pay at least eight times as much as the third class seat; but actually the first class seat brings in only Rs. 351 as compared with the Rs. 340 which a third class seat brings in. That is to say the third class is paying as much as the first class passenger. Now, Sir, what more proof do you want and what more justification do you want for a reduction of the third class fare? Sir, it is highly unjust that a third class passenger should pay for his seat as much as a first class passenger pays for his. But that is what the figures show. The first class passenger gets ten times more comfort than the third class passenger for practically the same amount. Is it right that the Government of India should treat different classes of people in this differential manner? Sir, the treatment which is meted out to third class passengers is therefore highly unjust. I hope, Sir, that the Government of India for the sake of justice at least will not treat their best customers in a bad manner. I have heard so much that the railways are commercial concern. If the railways are a commercial concern, I hope they will not treat their best customers in this shabby manner. I hope, Sir, the fares will be reduced.

**Sir Darcy Lindsay:** Sir, however desirable it may be to reduce the fares of the third class passengers, I have not heard any views put forward as to where the money is to come from. My Honourable friend, Mr. Joshi, has favoured the House with a long list of figures which are very illuminating but after lunch a little difficult to follow. Sir, during

the past few days there has been a very strong demand made for increase in the pay of members of the subordinate service on the railways. The Honourable Member in charge, Sir Charles Innes, I think told the House the number of crores of rupees this demanded increase in pay will require. We have also had an appeal from my Honourable friend, Pandit Kunzru, for a reduction in certain freights. Now I again ask where is all this money to come from?

**Pandit Hirday Nath Kunzru:** May I explain, Sir, that I never asked for any reduction in freights.

**Sir Darcy Lindsay:** I thought he asked for certain reductions for the sake of industries. Then my Honourable friend, Mr. Joshi, has referred to the reserve of 10 crores. I feel, Sir, that those ten crores would be all eaten up and there would be no possibility of having any reserve at all. On these grounds, Sir I cannot give my support to the motion.

**Mr. Sarabhai Nemchand Haji** (Bombay Central Division: Non-Muhammadan Rural): Sir, the Honourable gentleman who has just sat down inquired as to where the money is to come from to pay for the reduction in third class fares and for providing amenities to the third class travelling public. I am rather surprised, Sir, that even after lunch it should be impossible for the Honourable Member to find out that the easiest means of getting more money would be to Indianize the superior staff of railways and from the amounts you save thereby, to provide the amenities required and make the reductions suggested. Sir, if I began to speak on the question of Indianization, I am sure, Sir, that you would rule me out of order. Now that the question of Indianization has been permitted to be raised, I would just refer to one phase of Indianization if you will permit me. . . .

**Mr. President:** I am afraid I cannot permit the Honourable Member to refer to the question of Indianisation.

**Mr. Sarabhai Nemchand Haji:** I will show you, Sir, how it would be possible for the Government of India to reduce the fares and to provide the amenities . . . .

**Mr. President:** There is no question of amenities here. The only question now is the reduction of third class fares.

**Mr. Sarabhai Nemchand Haji:** Thank you, Sir.

**Sir Darcy Lindsay:** I am afraid it is the effect again of the lunch.

**Mr. Sarabhai Nemchand Haji:** So far as the question of fares alone is concerned, I think the figures given by the Honourable Mr. Joshi point out that it is quite an easy matter if the Government will take up the subject properly, because once fares are reduced, I am sure the Government Benches, which are very fond of quoting economic laws, will find that with the reduction of fares more people will travel, more money will come in, and thus there will be no deficit even if the present high superior salaries are maintained. Sir, with these words, I beg to support the motion.

**The Honourable Sir Charles Innes:** Sir, I think that the Honourable Member who has just spoken, who suggested that the Government should take up this question in earnest, will be well advised to make

[Sir Charles Innes.]

himself acquainted with the previous history of this matter. Mr. Joshi stated that when separation was being argued in this House one of the advantages which I claimed for separation was that it would enable us to reduce rates and fares and to improve amenities faster than if we remained connected with the General Budget, and Mr. Joshi claims that experience has shown that the advantage which I claimed for separation has not materialised. Sir, I join issue with Mr. Joshi at once. I think that the House ought to deal fairly with the Railway Board and the Government in this matter. It was only last year that we put up before the Standing Finance Committee—and this is the document to which I wish to draw the Honourable Mr. Haji's attention—we put up before the Standing Finance Committee a most complete analysis of our passenger traffic and our railway fares on every single railway in India and we made certain proposals for the reduction of railway fares, third class as well as other class fares. Those proposals were scrutinised by the Standing Finance Committee and they were accepted by the Standing Finance Committee as being a satisfactory start in the reduction of passenger fares. Not only that, Sir, but, as I explained to the House in my budget speech a few days ago, we have made further reductions of fares on the East Indian Railway, the North-Western Railway and on the South Indian Railway. I must confess that I thought that I would be taken to task by the House for being rather rash in having sanctioned those additional reductions of fares, for, what has happened in the first eight months of this year? In the first eight months of the current year in spite of the fact that we have carried more passengers, our receipts from passenger traffic have dropped by 67 lakhs as compared with last year, and that loss is mainly on the third class passengers. That shows two things. The first thing it shows is that you have got to be very cautious in these reductions of fares. After all, what does the Railway Board do? We are just like any other business firm. Some firms will sell you it may be apples or oranges. We sell transport and in selling that transport we follow that principle which I am glad to say Mr. Ranganaswami Iyengar laid down the other day; we charge according to what the traffic may bear. But we have to remember that every reduction of 3 per cent. in the general level of fares means, unless we have compensating increase of traffic, a loss to us of Rs. 1 crore. A reduction of only 3 per cent. in the general level of our fares, unless we get compensating increase in traffic, means a loss to us of Rs. 1 crore, and in the first eight months of last year, as I have said, we lost not less than 67 lakhs in spite of having increased our traffic. Then, Sir, Mr. Joshi went on to say that it was a mere eye-wash because we had not reduced fares on short distance traffic. That is not quite correct. The South Indian Railway, which one of the Honourable Members opposite attacked so much, has reduced its fares on the short distance traffic. But Mr. Joshi went on to say that because we had not reduced fares on short distance traffic, our reductions were mere eye-wash. He went on to point out that the average travel by passengers on the North-Western Railway was 40 miles and that on the East Indian Railway 45 miles. If that is the average distance a passenger travels, surely it is obvious that a great many passengers travel a great deal more than 50 miles. What I say is proved by the fact that I have just mentioned, namely, that in spite of having carried additional traffic we have lost 67 lakhs in the first eight months of this year. I claim, Sir, that we have

gone as far as we prudently can at present in this matter of reduction of fares. I make another claim, Sir. We have heard a great deal in the last few days about the extravagance of Indian Railways; we have heard a great deal about the inordinately high salaries paid to our officers. But the fact remains, and cannot be refuted, that travel on the Indian Railways is the cheapest travel in the world. I have the figures here and as I think they will prove of interest to the House I shall read them out:

			Pies.
Average rate per passenger per mile in England . . . .			9-22
Do.	do.	United States of America . . . .	15-58
Do.	do.	France . . . .	7-14
Do.	do.	Japan . . . .	5-21
Do.	do.	Sweden . . . .	12-6
Do.	do.	Norway . . . .	16-38
Do.	do.	India . . . .	3-73

That is to say—whatever explanation you may give—taking them broad and large, I claim that our travel in India is the cheapest in the world.

**Mr. T. Prakasam:** May I know whether the third class carriages in India are not as good as those in England?

**The Honourable Sir Charles Innes:** As I always travel third in England, and first class in India, the Honourable Member may draw his own conclusions.

That does not alter the fact that our rate of travel is the cheapest in the world. It is useless, I say it is wrong, for this House perpetually to attack the Government and the Railway Board on this matter of the third class fares. I claim that in the reductions which we made last year we had the support of the Committee elected by the House, namely, the Railway Finance Committee. I have shown that the result of those reductions was that we have lost 67 lakhs of rupees in the first eight months of the year; nevertheless we have made a further reduction on three railways on third class fares, and I may add that if the House is fair to me they will not accept this motion.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 100.”

The motion was negatived.

*Inconveniences suffered by the Travelling Public.*

**Mr. Gaya Prasad Singh:** Sir. I beg to move:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 100.”

The object with which I have moved this motion is to place before Government some of the inconveniences to which the travelling public are subjected. My remarks will apply with especial reference to the Bengal and North-Western Railway. I shall be very brief.

The first point that I would like to place before the House is the difficulty of third class passengers in obtaining their tickets. The booking office is not opened sufficiently early to allow all passengers to take

[Mr. Gaya Prasad Singh.]

tickets. I mentioned this point in course of my budget speech last year, and also made some suggestions in this connection, which I would like to read out to Government. I said:

"I have two suggestions to make, one that the opening hours of booking offices should be notified on posters in front of third class booking offices in the vernacular. That might help the passengers to understand when the booking offices are open, and that might serve as a reminder to the booking clerks to keep their offices open at proper times. Another suggestion of mine is that the station masters should be definitely instructed to see regularly that the booking offices are open at the right hours, and complaints in this respect should be swiftly dealt with."

In spite of this the booking offices for third class passengers are not opened sufficiently early to allow third class passengers to take their tickets. The next point is overcrowding of trains, and this overcrowding is specially serious on the Bengal and North-Western Railway. Other points are: dirty and insanitary conditions of lower class carriages; slow running of trains and unnecessary stoppages at roadside stations, inadequate arrangements for the provision of drinking water. The next point is the practice of conveying passengers in goods wagons. That was the point to which reference was made in the course of the discussion of an earlier motion, and my friend Sir Clement Hindley said I had recanted from my former position with regard to the Bengal and North-Western Railway. I have done nothing of the sort. I have constantly brought this matter before the House for the last three years, and pointed out that the Bengal and North-Western Railway made a practice of conveying passenger traffic in goods wagons during occasions of fairs and festivals. But during the last Sonapur fair they discontinued the use of goods wagons for passengers, and I acknowledge this fact with gratitude. There are two other points which are not germane to the present motion, and I shall not refer to them. One is the non-reduction of fares raised during the War, and the other is the inadequate pay of the employees of the Bengal and North-Western Railway. I hope my Honourable friend Sir Charles Lumsden will deal with these points in the course of his reply, especially those with regard to the Bengal and North-Western Railway.

**Mr. C. Duraiswamy Aiyangar:** Sir, my points are these:

(1) Third class passengers must be provided with through carriages to travel beyond a junction as first and second class passengers are.

(2) Waiting accommodation at present consists of open sheds and is inadequate, unclean, unswept, exposed to rain and sun.

(3) Fares and time-tables must be printed and exhibited in all vernacular languages. Tickets must be printed in vernaculars else there is scope for fraud; police and middlemen make profits.

(4) Booking centres must be increased and booking offices must be opened at least an hour before the arrival of trains.

(5) Children who are not charged at the starting station are charged in the course of the journey or at the destination. So far as I know children do not grow by years during a short railway journey.

(6) Fruits and sweets are sold, but vendors have to pay heavy licensing fees. The company makes a profit, but the burden is on the passenger.

(7) Over-bridges at junctions are not lighted or sometimes not lighted properly. I complained in regard to this matter regarding Gudur Junction and the authorities had not the kindness to acknowledge my letter. The next time I went there, it was in the same condition.

**\*Mr. Amar Nath Dutt:** Sir, previous speakers have dealt with other aspects of the question. I shall deal with one aspect of the question which has become intolerable, at least on the East Indian Railway, namely, the introduction of the crew system in consequence of which daily passengers are put to a good deal of trouble and harassment. Often they want to attend their offices at Calcutta after having their meals at 9 and running to the stations and at times they are thrown down on the platform. There was one life lost at Burdwan station, and there is immense harassment to the travelling public. I shall be glad if this crew system is abolished. That is the one aspect of the question I wish to put forward.

**Mr. N. M. Joshi:** Sir, I do not want to take up any time, but I wish to ask for an explanation about some figures I gave about a few minutes ago. I showed then that each first class seat was occupied in a year by 34 persons. . . .

**Mr. President:** That is repetition.

**Mr. N. M. Joshi:** No, Sir, I am asking now from a different point of view.

**Mr. President:** What is that other point of view. I hope the Honourable Member will avoid repetition.

**Mr. N. M. Joshi:** The present point is overcrowding. What I want to show from this is that you have not got sufficient third class coaches. When one first class seat is occupied by 34 persons and one third class seat is occupied by 540 persons, it is quite clear that the Railway Board has not got sufficient accommodation, or that you have more than enough first class coaches. One of the two things is clear. When you have one first class seat occupied by 34 persons and one third class seat occupied by 540 persons it is quite clear that you have got more than enough first class seats and less than enough third class seats. This is the point I wanted to make and this point makes it quite clear that the Government of India either spend much more money in providing first class coaches or does not spend sufficient money in providing third class coaches.

**The Honourable Sir Charles Innes:** Sir, this question of third class passengers is what I might describe as a hardy annual. It has been discussed at every budget debate which I have attended during the last 6 years, and I should be afraid to say how many speeches I have made on the subject, but each time I make a speech I am in the happy position of being able to say that considerable improvement has been made on previous years. I am sure there is no Honourable Member in this House who would deny that the position of third class passengers is ever so much better now than it was 6 years ago. One of the improvements we have made is that in the Administration Report of each year we devote a special chapter to the various things which have been done for the travelling public. *(An Honourable Member: "That we admit.")* And if Honourable Members would only read, mark and inwardly digest that chapter we should have

*\*Speech not corrected by the Honourable Member.*

[Sir Charles Innes.]

less complaints than I have just heard. Mr. Gaya Prasad Singh was perfectly correct in saying that last year he brought up the vexed question of booking facilities. That is a disability with which I myself have very considerable sympathy. Well, I have always told the House that all these debates, after the budget debate all the speeches of all Honourable Members are examined and we do take action wherever we can on any suggestions made. Now that particular suggestion of Mr. Gaya Prasad Singh regarding booking facilities was made the subject of a circular which we issued to all Railway Agents. We drew their attention to this particular matter and to the suggestions made by Mr. Gaya Prasad Singh and we are now just beginning to get in replies on the subject. All Mr. Gaya Prasad Singh's suggestions have been examined.

Mr. Joshi referred to the question of third class passengers. I am not going to follow out the intricacies of Mr. Joshi's calculations regarding the relative seating capacity of third class passengers and first class passengers; but I will tell him this fact, namely, that there is very much greater disparity between the third and first class fares in India than third and first class fares in any other country. In England they charge the first class passenger  $2\frac{1}{2}$  times as much as they charge the third class passenger. In India, on the other hand, we charge the first class passenger from 6 to 8 times as much as we charge the third class passenger. That is one point I wish to bring to Mr. Joshi's notice.

**Mr. N. M. Joshi:** May I interrupt and ask the Honourable Member what he gets per seat from a first class passenger and what from a third class passenger? I have shown that he gets Rs. 350 for a first class seat and that he gets Rs. 840 on an average from a third class seat.

**The Honourable Sir Charles Innes:** The Honourable Member is treating the third-class passenger as a type instead of an individual. Now, Sir, what we have done in regard to this matter of placing additional rolling-stock on the lines is as follows:

Between the 31st March 1921 and the 31st March 1924, 1,047 additional coaching vehicles were placed on the line.

From then and up to 30th June 1925, 777 coaching vehicles were added and 1,706 were on order.

During the year ending 31st March 1926, 555 additional coaching vehicles have been placed on the line; and during the first quarter ending 30th June 1926 a further 155 have been added and 344 are on order.

Now most of these coaching vehicles are vehicles for third class passengers and our passenger statistics show for the last few years we have not had any very great increment in each year in the total number of our passengers. Other statistics show that in the last few years we have placed on the line a very large number of coaching vehicles, and I claim, Sir, that in the Railway Board in the last five years we have made the greatest impression upon this evil of overcrowding, and I am quite sure that most Honourable Members in this House will accept that statement of the position.

The only other point I wish to refer to is that brought up by Mr. Amar Nath Dutt, about the introduction of the crew system. None of us like the introduction of these special methods in order to prevent fraud on the



part of the public; but I think my Honourable friend knows that this matter of traveling without tickets has now assumed the dimensions of a very serious evil indeed. I forgot the exact figures; but I think I am correct in saying that in six months of one year we detected something like one million passengers travelling without tickets. It is the case everywhere that you get a certain percentage—it is the same in every country, it is by no means peculiar to India—you get everywhere a certain percentage of people who try to defraud the railway, and in order to stop that fraud we have had to resort to this system; but the Honourable Member may rest assured that we shall try and make the crew system as little burdensome to the general public as possible. I hope the House will recognise the efforts we have made and have been making every year during the last five years to provide in every way for additional coaches for the third class passengers, and I hope the Honourable Member will withdraw his motion.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 100.”

The motion was negatived.

*Over-employment of Europeans in new Posts created and Vacancies filled.*

**Mr. M. S. Aney** (Berar Representative): Sir, the motion that I have to move is:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 100.”

The point I wish to make out in support of it is of a very limited but important nature. It is not the general question of Indianisation which I want to touch: I am going to draw the attention of the House to what the Railway Board has done during the last year towards redeeming what I consider to be the promise that has been made by the Railway Board in this matter. The Members of this House know that the Railway Board has accepted the principle that the Indianisation of the railway services should be something like 75 per cent, in accordance with the recommendations of the Lee Commission; and it was also explained to us that in all future recruitment of superior services in India and in England this percentage of 75 per cent. of Indians would be necessarily and strictly adhered to. That was the understanding which was given to us and from that point of view it is necessary to examine whether that proportion has been maintained in the recruitment for the superior services in the last year by the Railway Board or not. I do not want to take a long time but I only wish to draw the attention of this House to the figures of recruitment to new appointments and vacancies filled during the last year, given in paragraph 82 of the Indian Railway Board's Report for 1925-26 at page 54. Of course I admit that there has been another corrigendum sent to us after the Report was supplied giving revised figures as regards this very point, but they do not materially affect the position given out in the original Report. Instead of reading the figures in the original Report, even if we look at the figures of the corrigendum, we find that the number of appointments created during the year is 139. The number of vacancies which occurred during the year is 138, and the number of appointments abolished during the year is 10, the number of vacancies not filled is 48, and the net number of vacancies filled during the year is 224. Out of

[Mr. M. S. Aney.]

these 133 are Europeans, and the total number of Indians including statutory Indians or other classes whatever they are, comes to 88. This means that the proportion of 75 per cent. is not merely not adhered to at all but flagrantly departed from.

There is another thing also in connection with this. When this question was brought up in July 1925 before the Central Advisory Council, certain papers were supplied to the members of the Advisory Council and from those papers we found that the total number of officers in the Transportation Department was 263, of whom 190 were in the superior and 73 in the local service, and it was expected that to make good the normal wastage in that staff 10·5 recruits would be eventually required each year, of whom 7·5 would be for the superior services and 3 for the local service. Then certain calculations were made which went to show that the recruitment in England would be 2 for the superior service, and in India the recruitment would be 5·5 for the superior service and four for the local service. Similarly, figures were given for the Civil Engineering Department, and they also show that the total number of recruits annually required for superior and local service will be 16 only, and the figures for the Indian and European recruits for the Superior Service given conform to the standard of 75 per cent. which is accepted by the Government. Similarly, for the Mechanical Engineering Department, figures are given in that note which says this :

“ The total cadre of the five State Railways will it is estimated number 224 officers, and the normal annual recruitment will be 9 officers. For some time dependence will have to be placed largely on English recruitment but eventually 7 officers will, according to the recommendations of the Lee Commission, be annually recruited in India. Of these 1·5 will be recruited annually by promotion of deserving subordinates by the methods given below ” and so on.

Now, my point is this. The total requirements to fill up the annual wastage in all the three branches would come to 36 only. That is what is given here in this note. But if you will look at these figures in the annual report you will find that in the engineering service alone 98 new appointments have been created this year and of these 98 with 33 vacancies filled. I believe something like 75 have gone to Europeans. Similarly in the Transportation Department, there is an extraordinary rise. My objection to this procedure is this. If we have to work up to the 75 per cent. of Indianization, then the one thing the Railway Board should immediately do as a matter of fact is to stop all recruitment in England. If not at least as the second best in all future recruitment the Board ought not to allow this percentage to vary at all. Unless that is done, it is impossible to expect Indianization in the real sense of the term within a reasonable length of time. If new appointments are going to be created, if Europeans are going to be appointed in excess of this proportion every year, then, there is, at least to my mind, no time that I can see in the near future when this 75 per cent. of Indianization in the railway service will be fully reached. That is one great difficulty which I feel, and that is why I have given this cut of Rs. 100 under this motion.

Secondly, Sir, there is also another difficulty. Whenever there is such an extraordinary recruitment of officers for the superior services from England, it will mean the building of additional staff quarters for them at an enormous cost. That again means an additional burden thrown upon us in an unexpected manner. For these reasons, Sir, I believe in the interests of economy as well as in the interest of the rapid progress in the

Indianization of the services itself, it is necessary that this House should not take this cut in a light-hearted manner, and if my arguments commend themselves to the House, I think it should mark its protest and accept my motion unless a satisfactory explanation is forthcoming from the Honourable the Commerce Member.

**Mr. B. Das** (Orissa Division: Non-Muhammadian): Sir, I will just say a few words to plead the cause of Indian engineers who have suffered very much under the cold and callous treatment that they receive from the Railway Board. My friend Mr. Aney has just now pointed out that the figure of 75 per cent. of Indianisation has not been reached. I am not going to refer to that aspect of the question. My Honourable friend Sir Basil Blackett told us last year that they would take steps to Indianise the Railway Department up to the figure of 75 per cent. but the Government do not guarantee that 75 per cent. of Indian officers will be taken every year. I am not referring to that aspect. I will leave it to the honour of the Railway Board to take up the question of 75 per cent. of Indianisation. The Railway Board has got another department which is called "new construction." We have given them 150 crores of capital to construct new railway lines. They are undertaking various new constructions. We know that 6,000 miles of new railway are going to be constructed and we find that the Railway Board does not give any chance to Indian engineers on the plea that Indian engineers are not properly equipped with the knowledge and experience of railway engineering. For surveying a railway line or in the construction of permanent ways of railway lines, Indian engineers are not given any chance and temporary posts are created and either British officers from the Railway Department are transferred to these posts or officers are recruited from England. This is not working to the spirit that the Indian Railways are meant for Indians and I will challenge the Honourable Sir Clement Hindley or any other engineer on that side if they say that Indian engineers are not fit to manage Indian Railways. Indian railways in Indian States are managed by Indian Agents and Indian managers and are running most efficiently. In the Nizam's State Railway, where the Agent is an European, they do not employ so large a number of Europeans as we have in the Government railways or in the company-managed railways. For that reason, Sir, I strongly support Mr. Aney's motion and I commend it to the House. If Government do not give a satisfactory reply that they will fulfil the spirit of the letter that, whether it is new construction or permanent or temporary posts, 75 per cent. of the offices shall be filled by Indians, the House ought to vote down this Demand.

**Lieut.-Colonel H. A. J. Gidney**: Sir, I have only a few remarks to make on this motion and I do so in support of it. The House realises, that 75 per cent. of superior railway appointments are to be given to Indians and 25 to Europeans. I do not believe, that in this transitional stage we can at once claim the 75 and 25 per cent. It will take time and there is no doubt that the Railway Board is trying its best to arrive at this proportion, but we object to the speed with which they are doing it. Sir, there is one aspect of this matter that I should like to mention and it is this. It is said that for every 10 official appointments 1·5 will be recruited from the subordinate grades. I am now speaking, Sir, for the subordinate classes and I hope the Honourable Member will not again caution me, that my remarks will be read by the various Agents and might create a bad impression on their minds as far as my community is concerned. Let me

[Lt.-Col. H. A. J. Gidney.]

assure the Honourable Member I care not what the Agents think. In this House I do not speak for the benefit of the Agents; I speak for the benefit of my people on the Railways, the upper subordinates. I want to know how these 1.5 appointments are to be filled up. Railway upper subordinates consist of covenanted Europeans, domiciled Europeans and Indians, in which statutory natives of India or Anglo-Indians are included—or as we are called in the new budget returns “other classes”. I desire to know to which percentage will promoted European subordinates be tacked on—the 75 per cent. Indians or the 25 per cent. Europeans? This is a point of some considerable importance to the Anglo-Indian subordinate. I respectfully offer it for the serious consideration of the Honourable Sir Charles Innes. I submit, Sir, that these 1.5 official appointments by promotions from the subordinate classes should be exclusively confined to the people of this country and that this percentage should not be reduced for us by including in it promoted Europeans who should form an initial part of the original 25 per cent. of European appointments. I do not grudge their promotion but do not let it affect this 1.5 per cent. This percentage is small enough, and I do not think that it should include Europeans. By this I do not mean that they will not make good officials or that they should not be promoted but now that this proportion of 1.5 per cent. has been fixed it is one that we can honestly claim from the Government for our subordinates. Sir, I hope that the Honourable Member will be good enough to give his attention to this matter when he replies to this motion.

**Mr. M. K. Acharya:** I am going to speak only a few words in support of this motion. The other day we had a special supplementary sheet given to us as Appendix G containing a statement of the number of appointments created, the number of vacancies that occurred and how they were filled up in 1925-26. The percentage of appointments in State-worked Railways of Europeans to the number of vacancies filled during 1925-26 is 56.1 and of Indians 43.9, or the total number of vacancies being 107, 60 were Europeans and 47 Indians. As regards other railways the percentage of Europeans was 60 and statutory Indians 40. Here are these statistics which clearly show that of the large number of vacancies that occurred during 1925-26, after all those promises had been made, by far the largest percentage went to Europeans—56.1. as I said, in the State-worked Railways and 60 per cent. in the other railways. On some individual railways they seem to be particularly fond of a still higher European percentage. For instance, on the Bengal and North Western Railway the percentage was 87.7 European, and 12.3 Indian and on the Bengal Nagpur Railway it was 81.8 European and 18.2 Indian. In Burma again it was 75 per cent. European and only 25 Indian. All these were new vacancies that occurred in 1925-26. I am aware that the number of top vacancies that occur is always small, and one thing that struck me when reading through these statistics—I am not an expert in statistics as my friend, Mr. Joshi—was this. I shall just give a single instance by way of illustration. In 1925 I find the name of a gentleman called Mr. T. G. Russell who was only a Deputy Agent in December of that year on the Great Indian Peninsula Railway drawing Rs. 1,850 a month. In June 1926 he was acting as Agent drawing Rs. 3,500. I am sure that even on the Great Indian Peninsula Railway, there are many senior officers to him and there must be some Indians also senior to him. I find on reference

to records that he is a comparatively young man, only about 40 years of age, and that he joined service in November, 1913, so that he has not put in a very long period of service in the Department. I am told also that the post of Agent on the Great Indian Peninsula Railway as also the posts of Agent on some other railways are likely to fall vacant very soon; I hope that these junior men will not be put in; and as these are State-worked Railways I hope senior men will be put in, and if possible, senior Indians. The Honourable the Commerce Member was good enough to admit the other day that there were a number of senior Indians, both engineers and others—Haymans and Guptas and others on the Great Indian Peninsula Railway, North-Western Railway and other Railways.

(At this stage an Honourable Member was seen standing in his place.)

**Mr. President:** The Honourable Member must not keep standing in that way. (He must be in his place.)

**Mr. M. K. Acharya:** I hope, therefore, that in filling the vacancies that occur the percentage of Indians will be raised and also that for the highest posts Indians—statutory Indians—should be preferred, as far as possible, if they happen to be fairly senior men. It seems to me that some preference should be given to Indians on the scope of the policy that has been recently inaugurated. We are not unaccustomed to the fact that on the Executive Councils of the Provinces as well as of the Government of India, Indians, even if they are not very senior in service, are still preferred in giving effect to this general scheme of putting in a certain number of Indians on those Councils. Therefore, even after the Indian proportion has been fixed at 75 it is a little odd that a large percentage of the vacancies that occurred in 1925-26 as many as 60 per cent. or even 56 per cent. has gone to Europeans. I hope that that will be satisfactorily answered, and if it is not answered, the House should by its vote make it clear that it will not agree to this kind of a disproportionately larger percentage of Europeans being continued eternally in the railways of India.

**The Honourable Sir Charles Innes:** Sir, since Mr. Das has pointed out how necessary it is that I should observe the spirit of the letter of the promise I gave I think it well to remind the Honourable Member of what the promise was. It was a promise based on the recommendation of the Lee Commission to improve the facilities for training in India as rapidly as possible so as to provide for the recruitment of 75 per cent. of the vacancies in India. I only mention that because it is well to remember what exactly the promise was and also it leads on to a very important point.

**Mr. N. M. Joshi:** May I ask the Honourable Member what was the recommendation of the Lee Commission as regards superior services on railways?

**The Honourable Sir Charles Innes:** That is what I have read. It leads on to an important point, namely, that in some of our departments we have not got these facilities for training, particularly in the Mechanical Engineering Department. I should also before going on further like to reassure Colonel Gidney who referred to the 1·5 per cent. reserved for promotion from the subordinate service. I may inform him that if a European subordinate is promoted it is taken against European recruitment and direct recruitment of the Europeans will be reduced. Perhaps that satisfies the Honourable Member. It is perfectly right and

[Sir Charles Innes.]

proper that this debate should come up because last year I gave a promise that in each year in the Administration Report I would give a list of the vacancies which actually occurred and how those vacancies were filled up, whether by Europeans or by Indians, in order that the House may see for themselves how the progress of Indianisation was going on. The trouble in this matter has been in the last two years that we have had a great deal of new construction on hand. I am informed by the Railway Board that in getting qualified engineers for that construction they advertised extensively in India and they took from India as many as they could get, and for the balance they have got men from England; but the Railway Board got them definitely on short period contracts in order that the importation for temporary purposes of these men might not interfere with the progressive Indianisation of the railway services. It is the temporary recruitment from home which has upset the propositions and I have here the statement of the actual recruitment of permanent men for our Indian railway services in the months from 1st April, 1926, to the 22nd February, 1927, and, if we exclude temporary appointments, I find that the proportion of Europeans recruited on State Railways is 35.1 per cent. and the percentage of Indians is 64.9. Now, we should have more than attained 75 per cent., to which Honourable Members rightly attach so much importance, had it not been for the difficulty of the Mechanical Engineering Department. We have not in India yet proper facilities for training mechanical engineers and therefore at present there are not many mechanical engineers whom we can recruit in India. What we are doing in that matter is that we have taken on in the last year six apprentices, 2 Anglo-Indians, 3 Hindus and one Muslim, and have appointed them as apprentices in the Mechanical Engineering Department with the object of sending them home at a later stage for the necessary training in England so that they can come out and take their place in the Mechanical Engineering Department. I think, Sir, that that shows that at any rate on State Railways in the current year so far as permanent appointments are concerned we are working up to the figure mentioned by the Honourable Member, namely, 75 per cent., and that, had it not been for the difficulty about mechanical engineers, we should have attained that figure. It is perfectly true that we have recruited some temporary men from home but these are temporary men recruited for particular jobs on temporary agreements. We have adopted that course specially in order that we may not have to interfere permanently with the proportions in our services. As regards the Company Railways it was only last year that they came into the scheme and we are still engaged in corresponding with them. I am glad to say that some of these Company Railways have come into our newly formed recruitment schemes. I do not know whether Mr. Aney has seen those schemes. They were published in July last in the *Gazette of India*, very complete schemes for the recruitment of all our railway services. The Assam Bengal Railway has agreed to come into the whole of that scheme and the other railways we hope will take advantage of it. I do think we have shown that we are carrying out our promise, and I hope the Honourable Member will withdraw his motion.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): May I ask the Honourable Member

for Commerce to inform this House how many men have been recruited on this temporary basis in the last year?

**The Honourable Sir Charles Innes:** I think I am correct in saying it is 24.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses: Administration’ be reduced by Rs. 100.”

The Assembly divided:

## AYES—43.

Abdul Matin Chaudhury, Maulvi.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Haji, Mr. Sarabhai Nemchand.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kelkar, Mr. N. C.

Kunzru, Pandit Hirday Nath.  
Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jammadas M.  
Misra, Mr. Dwarka Prasad.  
Mohammad Ismail Khan, Haji Chaudhury.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Naidu, Mr. B. P.  
Natique, Maulvi A. H.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rananjaya Singh, Kumar.  
Rang Behari Lal, Lala.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Ram Narayan.  
Singh, Raja Raghunandan Prasad.  
Sinha, Kumar Ganganand.  
Yakub, Maulvi Muhammad.

## NOES—45.

Abdul Aziz, Khan Bahadur Mian  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Akram Hussain Bahadur, Prince A. M. M.  
Allison, Mr. F. W.  
Anwar-ul-Azim, Mr.  
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Savid.  
Ayyangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha Gopalaswami.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Chalmers, Mr. T. A.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Ghuznavi, Mr. A. H.  
Gidney, Lieut.-Colonel H. A. J.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Hayman, Mr. A. M.

Hezlett, Mr. J.  
Hindley, Sir Clement  
Howell, Mr. E. B.  
Innes, The Honourable Sir Charles.  
Jawahir Singh, Sardar Bahadur Sardar.  
Kabul Singh Bahadur, Risaldar-Major and Honorary Captain.  
Keane, Mr. M.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra Nath.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Ruthnaswamy, Mr. M.  
Sassoon, Sir Victor.  
Singh, Rai Bahadur S. N.  
Sykes, Mr. E. F.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Young, Mr. G. M.

The motion was negatived.

**Mr. President:** Amendments No. 54 of Mr. M. K. Acharya and No. 55 of Mr. Haji have already been disposed of.

(Mr. President then called on Mr. M. Ruthnaswamy and Lieutenant-Colonel H. A. J. Gidney to move amendments Nos. 56 to 61, but they were absent.)

*Third and Intermediate Class Waiting Rooms for Indian Ladies at Moradabad.*

**Mauvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I beg to move:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 10."

The cut that I propose relates to a very small matter and in fact I would not have brought it before this Assembly if I had been able to get redress from the Railway Administration outside this House. I tried, Sir, to get this redress, but I failed. In September last I had a talk with a high railway official about this matter and he said that the Railway Board could not deal with matters like this and he advised me to see the Divisional Superintendent at Moradabad. Well, I saw the Divisional Superintendent and I had a talk with him, but I am sorry to say that I could not get the redress and therefore I am obliged to bring this petty matter before the House. This question of waiting rooms for Indian ladies may appear very trifling to those who are not acquainted with the life of Indian ladies. But to me, Sir, it is a matter of very great importance and this question has been agitating the minds of the people of Moradabad, my native place, to a very great extent. Several papers have written articles about this and several representations have been made to me to put it before this House. The fact of the matter is that in 1925 it was brought to my notice that the ladies' waiting room on the main platform at Moradabad was to be removed to a place outside the main platform near the newly built third class waiting hall. I asked some questions about the matter in the Assembly and the reply given to me was that it was not under consideration to remove the waiting hall from the main platform. But to my utter surprise I find that after a few months the ladies' waiting room was removed from the main platform to a distant place. Then, Sir, I again asked a question in the Assembly as to why it was that in spite of the statement made to the contrary this waiting room had been removed and the reply was that the room was wanted for some other purposes. Well, this is not enough. We had formerly, Sir, one ladies' waiting room on the main platform at Moradabad. That was used both by the ladies travelling in the intermediate and third classes. As it was, the arrangements were not quite satisfactory. After that, the present arrangement is that the waiting hall for Indian ladies has been removed to a place which is at a distance from the main platform and Indian ladies from this waiting hall have to cross a very long and troublesome bridge before they can reach the main platform of the station. Also, there is no separate waiting room for Indian ladies who travel in the intermediate class, and the House will be well aware that generally Indian ladies of respectable middle class families travel in the intermediate class and very few in the first or second class. Therefore the question of having a separate waiting room for Indian ladies travelling in the intermediate class is really very important. Now, Sir, as I just said, this present third class waiting room is very inconvenient, ladies have to pass over a long and tedious bridge and this waiting room is also too close to the third class men's waiting hall and sometimes it is very annoying



for Indian ladies to be so near the men's waiting room. What I suggest is that there ought to be a separate waiting room for Indian ladies travelling in the intermediate class at Moradabad and I suggest that there is a room near the main platform which is now used by the pay clerk or goods clerk,

4 P.M. or something like that. They are building a separate building outside the station, so I propose that when this room is vacated by the Paying Office it should be made available for the use of the ladies travelling in the intermediate class.

As regards the present third class ladies' waiting room, I propose that a passage ought to be made from this waiting room to the main platform just at the back of the police office on the main station and this passage can be constructed by removing the sidings of the Rohilkund and Kumaon Railway by a few yards only; after that this passage should be screened by a wall and then it would be nearer and more convenient for the ladies to go from this waiting hall to the main platform, and they would also be saved the inconvenience of crossing the troublesome bridge.

These are the two points which I have been obliged to bring to the notice of the Railway Board. I do not want to detain the House any more than is necessary as this is a local matter though of great importance, and I hope that the Railway Board will give it their serious attention.

**The Honourable Sir Charles Innes:** Sir, I think the Honourable Member's last remark sums up the whole case. It seems to me that it is an entirely local matter and neither I nor the Railway Board nor this House is in a position to say whether or not a separate waiting room for Indian ladies who travel by intermediate class is required at Moradabad station, or whether the present waiting room is well situated or not. In a matter of this kind we must, I think, trust to our Agents who are in the best position to decide whether the traffic in Moradabad would justify further facilities than exist at present.

I am glad to see that the Honourable Member has had the fullest opportunity of representing his case to the local officers, and the only suggestion that I can make to him is that, speaking frankly, I am quite unable to tell him whether his suggestion can be carried out or not, but that he should bring this proposal up in the Local Advisory Council. I put it to the House that we cannot decide local matters of this kind in this House.

**Mr. President:** The question is:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 10."

The motion was negatived.

**Mr. President:** Mr. Das. The question of stores purchase policy has already been discussed.

**Mr. B. Das:** My amendment is not a question of policy. It is a question of reduction of demand.

I beg to move:

"That the Demand under the head 'Working Expenses: Administration' be reduced by Rs. 30,000."

The other day my Honourable friend. . . .

**Mr. President:** The Honourable Member is raising the question of stores purchase policy. That policy has been fully discussed in this House. It is not a question of cut on merits, but a discussion of the policy which I cannot allow now.

**Mr. B. Das:** I will just explain. The Stores Department under this head has one lakh and fifty-two thousand rupees, of which one lakh is non-votable and fifty-two thousand votable, of which I want thirty thousand deducted or reduced, so that the Railway Stores Departments will buy their stores through the Indian Stores Department.

**Mr. President:** That again is a discussion of policy.

**Mr. B. Das:** All right, Sir, I will bring it up on another occasion.

**Mr. President:** Do. The question is:

"That a sum not exceeding Rs. 12,30,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Working Expenses: Administration'."

The motion was adopted.

#### DEMAND NO. 5.—WORKING EXPENSES: REPAIRS AND MAINTENANCE AND OPERATION.

**The Honourable Sir Charles Innes:** Sir, I beg to move:

"That a sum not exceeding Rs. 39,67,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Working Expenses: Repairs and Maintenance and Operation'."

#### *Repairs and Maintenance Charges of Rolling Stock.*

**Mr. R. K. Shanmukham Chetty:** Sir, I move:

"That the Demand under the head 'Working Expenses: Repairs and Maintenance and Operation' be reduced by Rs. 50,00,000."

Whenever we move a substantial cut like this we are asked to specify under what items we propose this cut to be effected. I have indicated in my amendment motion that I want this saving to be effected in the item that comes under repairs and maintenance charges of rolling stock. I submit that the repairs and maintenance of rolling stock is not carried on by the railway administration as economically as possible and I suggest that, with more economical working, it would be very easy to effect a saving of Rs. 50 lakhs. Honourable Members will observe on page 10 of the Demands for Grants that the sum allotted for this purpose in the year 1927-28 is very nearly 10 crores of rupees:

Repairs to Locomotives	...	...	4.6 crores,
Coaching vehicles	...	...	2.7 crores,
Goods vehicles	...	...	3.0 crores,

making altogether a sum of over 10 crores. I submit, Sir, that with more economical and efficient working, it would be possible, in the year 1927-28, to effect a saving of at least Rs. 50 lakhs. My authority for making this statement is the Raven Committee's Report. When I speak of the Raven Committee's Report, I speak with some diffidence because when I quoted

the authority of this Report the other day, I incurred the wrath of the great Moghul, I mean Sir Clement Hindley. Even at the risk of incurring his wrath again I am afraid I ought to quote another passage. Sir Clement Hindley called me childish for having quoted one particular passage and he enunciated the remarkable statement that we ought to quote the whole book. . . . .

**Sir Clement Hindley:** I should explain that I used the word childish generally and not in reference to Mr. Chetty. I said it would be childish to base the whole argument on one portion of the book and it would behove Members to read the whole book before they could appreciate one particular passage.

**Mr. R. K. Shanmukham Chetty:** Sir, if the passage I quoted on the particular occasion had to be read with a certain other passage, it was open to my Honourable friend to point out to this House the passage along with which it should be read and to show its real significance, and prove that the inference I had drawn from the particular passage was not a correct inference. Instead of doing that, he simply suggested it was childish to give one particular passage. Sir, I will quote again another passage. I do not propose to read the whole Report (Hear, hear) and I prefer in this particular matter to have a childish ignorance rather than the Socratic wisdom which comes, I suppose, as a result of what Lord Asquith once called the paralysing penumbra of a second childhood. On page 52 of the Raven Committee's Report the authors observe as follows:

"In the preceding paragraphs we have examined each of the important workshops in detail and recommended measures the adoption of which would enable them to deal with the work of maintenance and repairs economically and expeditiously."

—and this is the important passage—

"We regret to have to record that with the exception of one or two workshops the work of repair and maintenance of rolling stock is not being carried out either economically or expeditiously for the reasons we have stated. That the existing workshops have been able to maintain the rolling stock in safe running condition there is not the vestige of a doubt but this has been accomplished at the expense of more time and money than is called for by the conditions that prevail on each line."

Sir, the word "scandalous" has been used so often during the last two or three days that it is not necessary for me to use that word again. On page 33 the Report gives the actual charges incurred on the Indian railways under this head and compares them with the actual charges incurred under corresponding heads on English, South African and Australian railways. The table is very instructive; it is very instructive of the so-called efficient management of the railways in India. It is shown that the average cost per locomotive in England—the maintenance charge I mean—varies from £503 to £521 per locomotive, whereas in India it varies from £530 to £730. The average cost of maintaining a coaching vehicle in England varies from £71 to £80 and in India from £190 to £380. The average cost of maintaining a goods vehicle varies in England from £6 to £10 and in India it varies from £16 to £25. I ask the Honourable the Chief Commissioner for Railways whether this does not disclose a really scandalous administration of the workshops. Having given these figures the authors of the Report proceed to say:

"The cost we have worked out above for Indian railways are necessarily very approximate but they need not be accurate to lead to the inference that the work of maintenance and repair of rolling stock is not being conducted economically."

[Mr. R. K. Shanmukham Chetty.]

(They have italicised the word "not".)

"The expenditure on coaching vehicles is particularly high and bears out what we have been led to expect. From an examination of the coach and wagon shops we have visited we feel sure that with better organisation and methods of production, the adoption of which we suggest in the next two chapters, it would be possible to work well within the English railways' cost in India, thus bringing about substantial economies in working."

Let us for a moment examine what would be the economies effected if the recommendations of this Committee are given effect to and if the cost of maintenance is brought down to the level that prevails on English railways. Sir, I pointed out that we are spending about 10 crores of rupees on this item and according to the calculations of the Raven Committee these costs as compared with the English railways happen to be at least 33½ per cent. higher in the case of locomotives, 100 per cent. higher in the case of coaching vehicles and 100 per cent. higher in the case of goods vehicles. 33½ per cent. on locomotives means Rs. 1½ crores; 100 per cent. on coaching vehicles means another Rs. 1½ crores; and 100 per cent. on goods vehicles means another Rs. 1½ crores. Altogether we would be saving Rs. 4½ crores per annum if the workshops in India are managed efficiently and economically; and every year we are losing on this particular item of repairs and maintenance of rolling stock the huge sum of Rs. 4½ crores.

I agree, Sir, that it will take some time to rectify this age-long mistake. I agree that it will take considerable time to give effect to all the recommendations of the Raven Committee in regard to the reconstruction and improvement of our workshop equipment. But the Committee reported some time in April 1926; and I put it to the Honourable Chief Commissioner for Railways whether we are not justified in expecting that at least some effect might be given to the report during the year 1927-28; and if any effect at all is to be given to these recommendations, may I ask what saving is expected to be effected in 1927-28? Comparing the budget figures for 1927-28 with the corresponding figures for 1925-26 and 1926-27, we are led to the painful conclusion that in the coming year no action will be taken on the Report. I suggest, Sir, that if even a part of these recommendations are put into effect, that if at least one step is taken towards improving our workshop equipment and management, some substantial saving can be effected in the coming year. I have just now shown that if full effect is given to these recommendations there would be a saving of Rs. 4½ crores per annum; and I put it to the House whether we cannot reasonably expect at least Rs. ½ crore to be saved during the year 1927-28. I have no doubt that after having listened to these figures the House will accept my motion.

**Sir Clement Hindley:** Sir, I would first of all like to apologise to Mr. Chetty if he thinks that I called him childish on a previous occasion. I am sure I had no intention of using the word "childish" in special reference to him. I used it generally and I maintain that it is childish to attempt to extract the whole wisdom of a report like this, out of one or two extracts; but I certainly had no intention of hurting Mr. Chetty's feelings and I apologise to him.

Now, Sir, I was a little surprised to find that Mr. Chetty came forward with a cut of Rs. 50 lakhs on this head; because as the House is aware Mr. Chetty is a member of the Standing Finance Committee which considered our Budget before it came to the House; and during the consideration of that Budget the members of the Standing Finance Committee did

mention and propose certain reductions on this head of working expenses. If I may be allowed to read from the Report of the Proceedings of the Standing Finance Committee the House will see what I mean. The proceedings say that " Mr. Rahimtulla proposed that the Demand should be reduced by Rs. 6 lakhs under ' Operation other than Fuel ' as the provision for the East Indian and Bengal Nagpur Railways appeared to be too high by about Rs. 8 lakhs each. The proposal was agreed to by the Committee. The Committee also agreed to a reduction of Rs. 6 lakhs in the miscellaneous minor heads of this Demand, thus reducing the total Demand by Rs. 12 lakhs from the Rs. 39 crores" (odd) " originally proposed. Four of the members of the Committee present were in favour of a further reduction of 17 lakhs in the Demand ". Now, Sir, I assume,—I was not present there myself,—I assume, for Mr. Chetty was present on that occasion, that he was one of the members in favour of a reduction of 17 lakhs in the Demand . . . . .

**Mr. R. K. Sanmukham Chetty:** On a point of personal explanation, Sir. Since my friend has drawn the attention of this House to the Report of the Standing Finance Committee for Railways, I am bound to explain what actually took place there. No doubt, in the proceedings—it is stated that 4 of the members, of whom I was one, were in favour of a further reduction of 17 lakhs in this particular Demand. Sir, our intention was to move a cut of not merely 50 lakhs but 67 lakhs of rupees. We thought we could have the unanimous verdict of the Committee if we brought down the figure, and we put it at 17 lakhs in the hope that we might be able to arrive at a unanimous verdict, and when we came to know that we could not agree, we thought it was no use proposing a cut of 67 lakhs.

**Sir Clement Hindley:** I must accept Mr. Chetty's explanation, and I was not there myself. But again, I say it seems to me a little bit inexplicable that members of the Standing Finance Committee who were there to discuss the matter on behalf of the House with the Financial Commissioner, did not point out to him their belief that 50 lakhs should be cut off under this head. I presume that Mr. Chetty had read the Raven Committee's Report well before coming to the meeting. If not, he may have read it up in a very great hurry and has therefore arrived at wrong conclusions. But if he had in his mind, with others on the Committee, the definite idea of moving this cut of 50 lakhs, I do think in fairness to the Financial Commissioner and myself, the members of that Committee should have made it plain to him. It is not fair to come up later with a further cut. However, Sir, I am not stressing that point very much. I only say that it was a little bit of a surprise to us to see this after what has happened in the Standing Committee.

I think, Sir, that I ought to explain what is really stated in the Raven Report. But before I do so, I would like to deal with certain superficial aspects of Mr. Chetty's speech. I would like to point out, taking his very last point first, this much.

He says on his calculations that if the Raven Committee's recommendations are given effect to, we should be able to effect a saving of 4½ crores per annum, and therefore he is justified in asking us in this year, when we may not have time to put them into effect, for a cut of 50 lakhs. He asked then what had been the result of the action which we have taken on this Report already, and stated that he was unable to find from our budget figures any indication that we were anticipating any

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economies. Well, Sir, if he will look at the figures for last year and compare them with the figures for the present year under this head, he will see that there is a slight difference of 8 lakhs only in this large sum of 39 crores. We have in effect made a reduction of 8 lakhs as compared with last year. For the sake of argument, it may be considered that the amount is the same as last year, and Mr. Chetty would argue and would ask the House to believe, that therefore we do not anticipate making any economies as a result of this very valuable Report. Mr. Chetty appears to overlook the fact that year by year we are adding to our rolling stock. In the present Budget we have provided for 6 crores to be spent on rolling stock which will be added to the rolling stock of the railways. A somewhat similar amount was spent last year, and does he expect us to maintain a constantly increasing rolling stock without any addition to our working expenses? What we are doing is, we hope to repair the additional rolling stock or rather the increased rolling stock with the same provision of funds as last year, and that, Sir, I submit, is in itself a very substantial economy.

Then, Sir, Mr. Chetty has made a very careful and able analysis of certain figures which the Raven Committee have given in their Report on the question of the cost of maintenance and repairs in other countries. I hope I did not overlook anything or that I did not fail to catch all that Mr. Chetty said—I hope that is not the case—because I understood his argument to be somewhat as follows. He said the figures given under locomotives on page 33 of the Report show that the average cost per locomotive of repairs on Indian Railways is substantially higher than that on English Railways. I think that is Mr. Chetty's argument.

**Mr. R. K. Shanmukham Chetty:** Yes.

**Sir Clement Hindley:** And then he went on to say that the Raven Committee said that if we could effect certain improvements which they prescribed there was no reason why we should not get our repairs down to the cost on English railways. Now, Sir, I do not want to go back to my former accusation of Mr. Chetty, but I wonder if he really read page 32 as well as page 33 because at the bottom of page 32, which is the first portion of the columns from which he was reading on page 33, I find the costs of repairs of locomotives in other countries besides England given. I do not know why Mr. Chetty should have fixed his attention solely on the figures for English railways and omitted the figures given for other railways. For instance, in the case of Indian railways, the average cost per locomotive is given on the East Indian Railway as £530, on the Great Indian Peninsula as £795 and on the North-Western as £770. Now, Sir, what do we find on the South African railways and the Australian railways? Sir, I submit that if Mr. Chetty is permitted to compare our figures with those of English railways, I should be permitted to compare them with South African or Australian railways.

**Pandit Madan Mohan Malaviya:** Why?

**Sir Clement Hindley:** I am rather glad of that interruption from the Honourable Pandit, "Why?" What is the real basis? Is there any real comparison and can Mr. Chetty say that his index figure is better than mine and that there is a correct comparison between the actual figures given? Perhaps Mr. Chetty will study the index figures again. But to go on with my argument. On the South African railways, the average cost per locomotive is given as £1,111 against the East Indian Railway £530.

New South Wales spend £1,246 per locomotive against the East Indian Railway £580 and the Great Indian Peninsula Railway £795. There are several other cases—Victoria, Queensland and several others—where the figures are substantially higher than the figures which we spend on our locomotives in India. I do not think, therefore, Sir, that any calculation based on the difference in cost of repairs to our locomotives and those of English railways can really be held to substantiate a claim for reduction in our working-expenses of  $4\frac{1}{2}$  crores. The conditions are different and the conditions under which the work is done are different. Let me just give you a few instances of the difference in our work as compared with the work on English railways. In the first place, the size of our locomotives is substantially larger than those on English railways. (Laughter). Honourable Members behind me may laugh but it is a fact, for the gauge is 5 ft. 6 inches as compared with 4 ft. 8 $\frac{1}{2}$  inches in England. But the comparison is based on what we consider to be a more important factor and that is the tractive effort of locomotives. Our locomotives are considerably higher in tractive effort than the locomotives of English railways and are very much larger. That, Sir, is a small point but it is one of the factors. Now, the conditions under which our locomotives work are very different from those in England. Here we have to put up with bad water and dust-laden atmosphere and much more wear and tear owing to difficulties in the maintenance of permanent way. Those are just a few facts to show that there ought not to be a direct money comparison between the cost of English maintenance of locomotives and our maintenance. I do not wish to argue that ours should necessarily be higher. I do not wish to say that we cannot get them down, because we are about to do so. But I do say that the comparison in pounds, shillings and pence—I do not know what ratio my Honourable friend took, I believe he took it at 1s. 6d.—between the English repair figures and ours is not a fair method of substantiating a  $4\frac{1}{2}$  crore reduction or a Rs. 50 lakhs cut in this year.

On that point I believe I have shown to the House that Mr. Chetty has no definite and reasonable basis for this cut of Rs. 50 lakhs. I think therefore I am right in saying that he has based it on the value of his criticism. If he has no calculated basis which can stand the light of my examination for a Rs. 50 lakhs cut, it must be that he assesses the criticism which he wants to make against us at something like Rs. 50 lakhs. From the vehemence with which he argued the point the other day, I can well believe that he thinks that it is worth Rs. 50 lakhs.

I want to take up now one or two points in regard to this Report which have been referred to in the debate prior to to-day and I think they are cognate to the point which Mr. Chetty brought up. If I am not in order, perhaps you, Sir, will correct me, but the Report hangs together in such a way, and it is all connected in such a way with the question of repairs to our rolling stock that I do not think the point that I am now about to mention will be considered irrelevant in this connection. We have heard a great deal about the waste and extravagance amounting to a "scandal" as usual in our workshops in regard to the disposal of stores and I would ask any one who is sufficiently interested in the matter of voting a cut of Rs. 50 lakhs against us—any one who is sufficiently interested, to read a little further into this book. I do not mean that Mr. Chetty should read out the whole book to this House, but I do mean that in trying to assess the value of one particular page or one particular sentence he should attempt to realise what this Report means to us. There are four pages which describe very clearly the great criticism which this Committee laid against

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us in the matter of stores. But, as I said the other day, if it is read carefully I do not believe that there will be found one word in those pages or in the Report which gives a handle to the statement that we have deliberately wasted and thrown away and lost stores. Sir, the thing resolves itself, if one cares to read it, into a comparatively simple matter of store-keeping and book-keeping. What the Raven Committee were aiming at in elaborating this criticism was this, that we had adopted what they considered to be an unsound method of store-keeping and store-accounting. Now, I am not going to quarrel with the Committee because I am firmly of opinion . . .

**Mr. President:** I do not understand what is the necessary connection between the wastage of stores and this particular cut.

**Sir Clement Hindley:** The attack on me is that we have had great extravagance in our workshops and that is one of the points on which stress has been laid in regard to that extravagance. If you rule that it is not in order I will drop the matter, but I did want an opportunity of just mentioning . . .

**Mr. President:** The Honourable Member will have his opportunity when the main question is put.

**Sir Clement Hindley:** I take it that I am not permitted to refer to the stores.

Now, Sir, I wish to explain to the House why we consider this Report to be of such great value, why we believe along with Mr. Chetty that it is going to eventually effect great economies. I wish to explain that the basis of the whole of the alterations which we are making to our workshops is the application of revised modern methods to the problem of repairs to our rolling stock. I may remind Members that these workshops of ours have been in existence for a very great many years. A properly equipped workshop is a necessary component part of a railway from its early start and therefore our railway workshops in India have a very long history behind them. At the time when they were subjected to the very greatest possible stress, that is to say, during the War, when we were in the greatest difficulties in getting raw material and manufactured articles to effect our repairs, we were at the same time subjected to grave financial difficulties and at that particular period, owing to the stress of the War in manufacturing centres in Europe and Great Britain, revised methods of workshop manufacture had to be evolved. This was a matter which was known to us. It was not known generally elsewhere and the whole world was astonished at the enormous amount of munitions and other articles that were produced in Western countries during the stress of the War. In effect a complete revolution was brought about in workshop methods and it was impossible for us at that time either for financial reasons or for other reasons to bring into effect immediately the changes which had been made in Western countries in regard to workshops. We were overloaded here for several years after the War with arrears of repairs. The railways had suffered very considerably during the War in various ways and our stock had fallen into arrears in the matter of repairs. Our workshops therefore were practically clogged with arrears of repairs for several years and it was not possible then to take up the changes which we were desirous of making in regard to the modernisation of our workshops. But gradually in one or two of our workshops new methods were introduced on the lines of these new modern methods evolved in Great Britain and in one particular



workshop extraordinary results were obtained in re-arranging the method of doing the work. I want to stress this fact. Really this method of doing repair work is in the nature of a new discovery. It is not a fair criticism to say that for years and generations we have been wasting money because we had not discovered this method. The workshops all over the world were following the same methods as we were up to the period I am referring to in the latter part of the War. There was nothing antiquated about our methods at that time, but, as I say, during the War this revolution in workshop methods came about and it is not quite fair to taunt us and say that we have for very many years deliberately thrown away money because by introducing these methods we can now do our work cheaper. I am sure Mr. Chetty would be with me on that point. I am sure he is not so biased against me as to think really that we have been throwing away crores of rupees because we had not made this discovery earlier.

I do not want to bore the House with technical details but I would like to explain the principle of the new method of repairs that are now being conducted and it is one of the main recommendations of the Raven Committee's Report. I am sorry I lost the thread of my story in thinking of Mr. Chetty because he is sitting here looking so nice that I could not refrain from referring to him again. The result of these experiments which were made in some of our workshops led me and others to think that the time had come when we should overhaul the whole of our workshop methods and see whether we could introduce the new method throughout. It was not a very easy matter because both men and machines have been wedded to old methods and they do not easily take in new ideas. But the opportunity was afforded to us on the Railway Board by having four large systems to manage, the East Indian Railway, the Great Indian Peninsula Railway, the North Western Railway and the Eastern Bengal Railway, four of the largest railways in India and containing amongst them the largest of all our workshops. The opportunity which arrived then was taken and we decided the year before last to obtain the services of the best possible experts in order to show us how these new methods could be applied to our workshops. We had on our staff Mr. Wrench, a man who had successfully introduced this system in one of the shops on the Great Indian Peninsula Railway and we obtained the services of Sir Vincent Raven, probably the most eminent mechanical engineer in Great Britain at the time. And, Sir, this Report is the result of their very careful investigations. In the first place they have given us a method by which we may reorganize our workshops on the new lines. They have shown us where we have had unnecessary workshops. They have shown us that by co-ordinating the work of the workshops on these four great railway systems we can in effect do away entirely with certain workshops. We are closing down the workshops at Karachi and Rawalpindi. They have already been closed down. We are going through the whole of the re-modelling schemes that we had in hand in regard to the other workshops and applying the principles which the Raven Committee laid down for us. We have, I am glad to say, been able to make even greater reductions of capital expenditure than the Raven Committee considered possible when they made their report, and we have further work to do. We have placed Mr. Wrench on special duty in order to see that these special recommendations in regard to the workshops are carried out.

In regard to other matters relating to the cost of repairs, which are concerned directly with store-keeping, we have put Mr. Victor Bayley on special duty in order to report on the whole question of store-keeping in

[Sir Clement Hindley.]

relation to mechanical workshops. And finally, in regard to our workshop accounts, which the Raven Committee condemned, we have got the services, as was mentioned here before, of Sir Arthur Dickinson, the celebrated accountant, who is now going into the whole matter of workshop costing and store-keeping accounting in our workshops.

Now, Sir, Mr. Chetty referred to the very high cost of our repairs and I want to mention one point which I overlooked before in connection with that. If he reads the Report he will find that the Raven Committee on page 86 of their Report mentioned amongst the contributory causes for the high costs in our shops, paucity of supervision, inadequate equipment, bad lay-out and so on.

"By far the most fruitful cause of inefficiency has been the absence of proper internal organization for systematic working."

I want to draw special attention to "paucity of supervision", because I do not want to be accused of making this Report an excuse for shoving in a lot more superior officers. I rather wonder it has not come up before. I suppose those words were so obscured in the text that no one got hold of them. I want to emphasise the fact that one of the essential things they impressed upon us is that we must have better supervision and better skilled labour; and that really means a certain amount of additional expenditure. Here I would add to the argument which I used before about the difficulty of making immediate economies when we have to incur much-needed expenditure. Now, Sir, on Mr. Chetty's general criticism, which has been voiced by others at different times during the budget debate, we were subjected to a great deal of abuse from the other side of the House and elsewhere in regard to this book; and I do think that it is not quite fair to me to point the moral by bringing in a cut of Rs. 50 lakhs on the top of that abuse that we have had. Sir, are we really to be blamed seriously for having had this investigation? Is it a matter for serious criticism that I and my colleagues on the Railway Board decided that we should have our workshops inquired into and to ask someone more expert than ourselves to point the way to economy? What is the reason of this excessive criticism on this particular point? Sir, in this Report which we have, I may say, perhaps had the courage to put before the public, there are, for technical people, very grave criticisms: they refer to technical methods of doing work, and we, I think, probably felt those technical criticisms in this book quite enough without having them added to by criticisms which I submit cannot be properly appreciated by laymen. I am not pleading, Sir; I anticipated this criticism. I knew when I asked Sir Vincent Raven and Mr. Wrench to make this report that they would find a great deal to criticize. If they had not anything to criticize, what was the good of getting them to report? And it was perfectly obvious that Sir Vincent Raven, as I knew him, would express himself in no measured language. He is a man who has been accustomed to running workshops of his own and is one of the greatest authorities on workshops in Great Britain and he has been noted all his life for saying what he thought and saying it direct. So we knew perfectly well that we would be getting something like this. But without it, Sir, I do not think I should have been in a position to carry out the improvements and the revolution in railway workshops which I believe we shall be able to carry out now, because it is always necessary, when you get a report, to have sufficiently eminent and qualified people to back up what is in the report. I do not know what the House would have said if the Raven Committee had come

out and said that we have got the best workshops in the world. They certainly would not have believed them but they are very ready to believe them when they say that our workshops are bad. (Laughter). I am therefore in a way grateful to the opposite side of the House for falling in with the views of this Committee, because I can assure you, Sir, that I really want a lot of support in carrying out the recommendations of this Committee. I do not believe that Mr. Chetty is going to effect anything by making this cut of 50 lakhs if he thinks that by doing so he is going to force economies on to me, because we are pledged to carry out the recommendations of this Report whether he makes the cut of 50 lakhs or not; the fact that he has lent very great support to the recommendation of this Committee, I consider, gives me also wholehearted support in the work that I am carrying out in getting the improvements made now. I think, Sir, now that I have explained the matter so fully, that Mr. Chetty might reasonably see that his point of view is really exactly the same as mine and that there is no necessity for him to continue to move this cut of 50 lakhs.

May I mention, Sir, one point which I just omitted. I think perhaps the House would like to have this assurance that in carrying out these recommendations that we shall hasten to carry out, we shall I hope make economies; in that case the money which the House is granting for our general repairs to rolling stock may not be spent in full. It does not follow that we shall spend the amount that is granted. It is the best estimate we can make.

**Mr. A. Rangaswami Iyengar:** Then accept the cut and come up with a Supplementary Demand.

**Sir Olement Hindley:** I am not prepared to accept any cut of that kind. It is the best estimate of what we shall have to spend. I submit it is not necessary, if the House considers the matter worthy of censure, to make a cut of Rs. 50 lakhs to carry out that censure.

**Mr. President:** The question is:

“That the Demand under the head ‘Working Expenses: Repairs and Maintenance and Operation’ be reduced by Rs. 50,00,000.”

The Assembly divided:

AYES—41.

Abdul Matin Chaudhury, Maulvi.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Goswami, Mr. T. C.  
Haji, Mr. Sarabhai Nemchand.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jogiah, Mr. Varahagiri Venkata.

Joshi, Mr. N. M.  
Kelkar, Mr. N. C.  
Kunzru, Pandit Hirdav Nath.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Naidu, Mr. B. P.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rajan Bakhsli Shah, Khan Bahadur  
Makhdum Syed.  
Rananiya Singh, Kumar.  
Rang Behari Lal, Raja.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvatham.  
Rov. Rai Bahadur Tarit Bhusan.  
Singh, Mr. Gava Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.

## NOES—52.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
     A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
     Nawabzada Sayid.  
 Ayyangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
     Gopalaswami.  
 Bhore, Mr. J. W.  
 Bhuto, Mr. W. W. Illahibakhsh.  
 Blackett, The Honourable Sir Basil.  
 Chalmers, Mr. T. A.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hayman, Mr. A. M.  
 Hezlett, Mr. J.  
 Hindley, Sir Clement.

Howell, Mr. E. B.  
 Innes, The Honourable Sir Charles.  
 Jowahir Singh, Sardar Bahadur  
     Sardar.  
 Kabul Singh Bahadur, Risaldar-Major  
     and Honorary Captain.  
 Keane, Mr. M.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
     Nath.  
 Mohammad Ismail Khan, Haji  
     Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
     Alexander.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Natiq, Maulvi A. H.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Ruthnaswamy, Mr. M.  
 Sassoon, Sir Victor.  
 Singh, Rai Bahadur S. N.  
 Singh, Raja Raghunandan Prasad.  
 Suhrawardy, Dr. A.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Yakub, Maulvi Muhammad.  
 Young, Mr. G. M.

The motion was negatived.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 39,67,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Working Expenses: Repairs and Maintenance and Operation'."

The motion was adopted.

#### DEMAND NO. 6—COMPANIES' AND INDIAN STATES' SHARE OF SURPLUS PROFITS AND NET EARNINGS.

**The Honourable Sir Charles Innes:** Sir, I beg to move:

"That a sum not exceeding Rs. 1,41,25,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Companies' and Indian States' share of surplus profits and net earnings'."

The motion was adopted.

(It being Five of the Clock, Mr. President proceeded to put the remaining Demands.)

#### DEMAND NO. 9—APPROPRIATION TO DEPRECIATION FUND.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 11,50,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Appropriation to Depreciation Fund'."

The motion was adopted.

## DEMAND NO. 10—APPROPRIATION FROM DEPRECIATION FUND.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 9,00,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Appropriation from Depreciation Fund'."

The motion was adopted.

## DEMAND NO. 11—MISCELLANEOUS.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 20,56,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Miscellaneous'."

The motion was adopted.

## DEMAND NO. 12—APPROPRIATION TO THE RESERVE FUND.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 1,61,58,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Appropriation to the Reserve Fund'."

The motion was adopted.

## DEMAND NO. 14—STRATEGIC LINES.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 1,55,10,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Strategic Lines'."

The motion was adopted

*Expenditure charged to Capital.*

## DEMAND NO. 7—NEW CONSTRUCTION.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 7,35,51,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'New Construction'."

The motion was adopted.

## DEMAND NO. 8—OPEN LINE WORKS.

**Mr. President:** The question is :

"That a sum not exceeding Rs. 16,82,29,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Open Line Works'."

The motion was adopted.

## DEMAND NO. 15—STRATEGIC LINES.

**Mr. President:** The question is:

“That a sum not exceeding Rs. 74,39,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of ‘Strategic Lines’.”

The motion was adopted.

The Assembly then adjourned till Five of the Clock on Monday, the 28th. February, 1927.

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# LEGISLATIVE ASSEMBLY.

*Monday, 28th February, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Five of the Clock, Mr. President in the Chair.

**Mr. President:** I understand that there is a general desire on the part of Honourable Members to dispense with questions to-day in order to enable the Budget to be presented simultaneously with its presentation in the other House. I, therefore, with the consent of the House, direct the Secretary to include to-day's questions in to-morrow's list. I take it that no Honourable Member has any objection to this course being followed. (No objection was raised.) I call upon the Honourable Sir Basil Blackett to present his Budget.

## THE BUDGET FOR 1927-28.

### INTRODUCTORY.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, looking backwards brings little solace to a new Assembly which is called upon to examine the outturn of past Budgets for which it was not itself in any way responsible. This is the first Budget of His Excellency Lord Irwin's Government: it is the first Budget which this Assembly will deal with, and it is the first to be introduced in this new and spacious Council House in New Delhi. Honourable Members will, therefore, be far more interested in the prospects for the year 1927-28 than in a retrospect of the years 1925-26 and 1926-27. Indeed, with the approaching completion of the first ten years of the Reforms, our eyes and the eyes of India are rightly straining forward to the vision of the future and there is neither need nor inclination for us to brood overmuch the successes and still less over the failures of the past. I propose accordingly to be as brief as possible in what I have to say to-day about the Budgets for 1925-26 and 1926-27.

2. Not that we have any reason for dissatisfaction—quite the contrary—with the financial story of those years. Once again, the final results of the year 1925-26 reveal over-caution in our revised estimates. The audited accounts show an improvement of just over 2 crores on the revised estimate of 1·30 crores. It is difficult to single out any particular head which accounts for this improvement. Customs produced 93 lakhs more than we expected when the revised figures were drawn up, the yield in the last two months of the year being exceptionally high. But this excess was to some extent counterbalanced by failure of other heads of revenue to fulfil anticipations. On the expenditure side, nearly every head contributed to the improved net surplus. The final result is a realised surplus of 3·31 crores. The usual comparative table showing the comparative outturn in each of the last ten years is attached to the printed Budget Speech.

[Sir Basil Blackett.]

### REVIEW OF THE YEAR 1926-27.

3. The visible balance of trade including private imports of treasure for the ten months ended 31st January, 1927, was  
 General conditions. in India's favour by 27·16 crores as compared with 85·76 crores a year ago, this result being largely explained by the fall in the price of jute and cotton and the lateness of the season. Recent figures suggest that the delay will lead to a considerable expansion in the volume of exports in the last months of the financial year. Speaking at the Annual Meeting of the Bombay Stock Exchange on February 11th, the President, Mr. K. R. P. Shroff, correctly described the year as generally good for trade and business, though it continued depressed for the cotton trade. It would have been even more satisfactory, had conditions abroad not restricted business, for example, the coal strike in England and the Civil War in China. The fall in the price of cotton, though overdue, has temporarily increased the difficulties of the cotton industry, but the ultimate effect of a larger demand following on cheaper production is already bringing its compensations. Uncertainty regarding the stability of exchange militated during the autumn against that feeling of security which is the surest foundation for sound business conditions and accentuated the effects of the lateness of the season. In the money market, the most notable feature of the calendar year 1926 was an exceptional absence of stringency, and it is only recently that the seasonal demands for money combined with special reasons for hesitancy in the exchange market and concentrated into the first months of the new year instead of being spread over the period from October onwards have led to a rise in the Bank rate to 7 per cent., a figure which has been usual at this period of the year but was not touched between May 1925 and February 1927. Even now, the stringency is less marked than in the winters of 1923-24 and 1924-25.

### REVENUE, 1926-27.

4. Customs receipts are expected to exceed the estimate by 1·30 crores, as a result of the buoyancy of the yield from sugar  
 Customs. and protective duties. The proceeds in 1925-26 of the sugar duty were 71 lakhs more than for 1924-25 and nearly double those of 1923-24, and were thought to have been inflated owing to the heavy fall in the world price of sugar in that year. But our cautious estimate of 5·70 crores for 1926-27 has now to be raised by 1·25 crores. Protective duties on steel in spite of their success in giving protection have proved unexpectedly efficacious in bringing in revenue and are now expected to produce 2·85 crores as against an estimate of 2·35 crores. This represents of course the total proceeds of these duties, not simply the excess over what the ordinary revenue duties would have brought in.

5. Taxes on Income are now estimated to bring in 29 lakhs less than the Budget estimate of 16·15 crores, but this is due  
 Taxes on Income. almost entirely to an increase in refunds in connection with double income-tax relief consequent on the reduction in the standard rate of income-tax in Great Britain.

6. Our receipts from Salt were fully up to anticipations up to the end of December, but the hope, however slenderly  
 Salt. buttressed, that the new Budget might bring a reduction of duty seems to spring eternal in the breast of the salt merchant



and the most recent figures suggest that clearances have been retarded pending the opening of the Budget. If so, the March figures may show a substantial recovery, but I have felt it prudent to place the revised estimate at 6·70 crores, a reduction of 20 lakhs on the original estimate.

7. The net receipts from Opium are now estimated at 3·12 crores, an

Opium. improvement of 86 lakhs on the Budget figure. We

were unduly cautious in our forecast of the immediate effect of our new policy of restricting exports, while a poor crop succeeding three successive bumper years led to a saving of 48 lakhs in our payments to cultivators, etc.

8. There is no change in the figure of 6·01 crores for the Railway contribution, and among other revenue heads I need

Other heads. only mention a special receipt of 31 lakhs on account

of German reparation which represents a payment in respect of the period before 1st April 1926, and does not therefore go direct to reduction or avoidance of debt under the provisions of the Finance Act of 1926.

#### EXPENDITURE, 1926-27.

9. On the Expenditure side the most important variations are an excess of 67 lakhs in the net Military expenditure and a saving of 82 lakhs on interest on dead-weight debt. The latter is due to the reduction in the rate of interest paid on new borrowings. The excess on the Military Budget arises mainly from the necessity of increased expenditure on purchase and manufacture of ordnance and other stores amounting to 70 lakhs. Unfortunately this is not a non-recurrent but a recurrent increase explainable by the fact that we have come to the end of our power to draw on the surplus stores left over after the War.

10. The revised estimate of revenue comes to 130·25 crores and the revised estimate of expenditure to 127·15 crores as

Revised surplus. compared with the original estimate of 130·43 crores and 130·38 crores. Thus for the fourth year in succession we are left with a realised surplus. The revised Budget of 1926-27 shows a balance on the right side of 3·10 crores.

11 The following statement shows the main variations in the revised estimate in lakhs of rupees:—

	Better.	Worse.
Customs . . . . .	1,30	...
Taxes on Income . . . . .	...	29
Salt . . . . .	...	20
Opium (net) . . . . .	86	...
Interest receipts . . . . .	34	...
Extraordinary receipts . . . . .	36	...
Interest on dead-weight debt . . . . .	82	...
Civil Administration . . . . .	18	...
Military Expenditure (net) . . . . .	...	67
Other heads . . . . .	35	...
	<u>4,21</u>	<u>1,16</u>
Total, better . . . . .	3,05	
Budget surplus . . . . .		5
Revised surplus . . . . .		<u>3,10</u>

[Sir Basil Blackett.]

12. These figures are drawn up on the basis which has been customary for the purpose of the presentation of the Indian Budget for many years, but, as pointed out by the Public Accounts Committee in their Report on the Accounts of the year 1924-25, they do not, strictly speaking, represent either the gross or the net revenue and expenditure of the Government of India. A break of continuity is always to be deprecated and I have not thought it desirable to depart from the method of presentation sanctioned by past practice. There are indeed drawbacks in any form that might be adopted. But that the present form is, in some ways, inconvenient and may even be misleading is illustrated by our experience in 1926-27. In spite of considerable improvements in the main Revenue heads, it is very surprising to discover that the revised estimate of revenue for 1926-27 actually shows a decline of 18 lakhs as compared with the original estimate. The explanation has to be found in the way in which the Railway figures are brought into the figures of the General Budget. Both the receipts and expenditure on Railway Account, which appear as items in the General Budget, are substantially lower in the revised Budget than in the original. Yet the Railway contribution is exactly as originally estimated and has undergone no change whatever. The revised surplus of 3.10 crores for 1926-27 is accounted for to the extent of rather over 2 crores by a real improvement in our revenue; yet the revised figure for revenue is less than the original. The figures of net revenue and expenditure referred to below give a truer picture in this respect. On the other hand, the net figures tend to obscure the magnitude of the Government of India's activities and of the expenditure which they and the Assembly control. We must turn to the gross figures to get an adequate conception of what these are.

13. The gross expenditure of the Government of India including the working expenses of the Railways and of the Posts and Telegraphs and Irrigation Departments aggregates well over 200 crores. The exact figure is 204.72 crores. Even this figure excludes certain small items of expenditure which are shown net—not gross—in our accounts. I have not imposed on the Finance Department, to whose loyal and exacting labours during the Budget season the Government and the Assembly and in a special degree the Finance Member are deeply indebted, the task of arriving at exact figures in this connection. For the purpose of presentation of the facts to the House and the country, the gross expenditure figure of 204.72 crores conveys a sufficiently true picture.

14. The task of working out accurate figures of our net revenue and expenditure requires preliminary decisions on many problematical points. For example, the question arises whether expenditure on the collection of taxes should appear as expenditure or as a deduction from the revenue raised by means of those taxes; or again, whether the interest received on our advances to the Provincial Loans Account should be treated as a deduction from our interest charges or as revenue. Statement D of the Budget sets out the figures of net revenue and expenditure on the same basis as last year. According to that Statement, our net expenditure amounts to 84.07 crores. One fact which the figures of net revenue and expenditure bring out with somewhat startling clearness is the extent to which under the reformed constitution the activities of the Government of India have been transferred to the Provincial Governments, the functions of the Central

Government being limited in the main to the defence of India, her relations with the exterior and with the Indian Princes, major communications, the Public Debt and the Currency, some miscellaneous duties in connection with subjects such as surveys, archæology and research, and the responsibility for general superintendence, direction and control of the Provincial Governments.

#### WAYS AND MEANS AND PUBLIC DEBT.

15. Before proceeding to set out the figures for 1927-28, I propose to turn next to the Ways and Means Budget and the Public Debt, the portion of the annual financial statement which enshrines the permanent tendencies and results of financial policy. The Ways and Means position may be briefly summarised as follows:—

	(Crores).	
	Revised, 1926-27.	Budget, 1927-28.
<i>Liabilities.</i>		
Railway Capital Outlay	27.0	25.0
Other capital outlay (including Delhi, Posts and Telegraphs, Vizagapatam Harbour, etc.)	2.0	2.2
Provincial Governments' transactions	8.9	6.4
Discharge of debt (net)	37.0	20.5
	<hr/> 74.9	<hr/> 54.1
<i>Resources.</i>		
Rupree loan (net)	26.0	27.0
Postal Cash Certificates	6.1	5.4
Other unfunded debt (including Postal Savings Bank)	6.6	6.2
Debt redemption	5.1	5.2
Depreciation and Reserve Funds	6.1	2.7
Exchange	10.4	—5
Miscellaneous (net)	4.4	—2.2
Reduction of cash balance	10.2	10.3
	<hr/> 74.9	<hr/> 54.1

16. Once again the position revealed by these figures is extremely gratifying. The net amount of the new market loan, 26 crores, in 1926-27 was less than the amount of our railway capital expenditure alone, and considerably less than the total figure of productive capital outlay. In 1926-27, against 26 crores borrowed in the open market, we shall have discharged debt amounting to 37 crores, including 8.18 crores of Treasury Bills held in the Paper Currency Reserve. The amount of debt which we expect to have to discharge in India in 1927-28 is about 18 crores, while the tentative figure for the money to be raised by a loan in the open market is 27 crores. We hope to finance practically the whole of our own programme amounting to some 27 crores of capital expenditure on reproductive enterprises in 1927-28 and the capital programmes of the Provincial Governments also, while asking the market for less than 10 crores of new money. In these circumstances, we have reason to hope that this sum together with the money which we need to replace maturing debt, including, if we so decide, conversion of some of the bonds maturing after 1927, will be forthcoming on favourable terms.

17. We have successfully avoided the issue of any new sterling loan since May 1923, and the Budget includes no provision for any external loan in 1927-28. On the contrary, it includes provision for repaying £2.7 million in London. In this connection, the House will be interested to

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know that since the end of the financial year 1923-24, the last year in which we issued a sterling loan, up to 31st March 1927, we have spent outside India £26·2 million for purposes of capital outlay and £9·9 million on reduction of sterling debt, a total of £36·1 million. The whole of this outlay has been financed without resort to external borrowing. We expect during 1927-28 to spend £8·7 million on capital account outside India, and £2·7 million on reduction of sterling debt, a total for 1927-28 of £11·4 million. If, therefore, as we hope, we avoid sterling borrowing in 1927-28, we shall have covered about £48 million of capital disbursements outside India without borrowing abroad. Our remittance programme for 1927-28, for purposes of our outgoings both on capital and on revenue account, amounts to £35½ million, as compared with a revised estimate of £27½ million for 1926-27.

18. I am once again tempted to invite attention to the market prices of Indian Government securities in India which show how greatly India's credit has improved within recent years.

	Market price on				
	1st Feb- ruary 1923.	1st Feb- ruary 1924.	1st Feb- ruary 1925.	1st Feb- ruary 1926.	1st Feb- ruary 1927.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
5 per cent. Tax-free loan, 1945-55	88 4	96 10	97 15	100 12	107 5
3½ per cent. Indian Government rupee loan	57 0	66 0	66 9	70 8	77 7

The following further figures which compare the prices of India stock and other stock in London on certain dates are also very significant and support the conclusion which I drew last year, namely, that the credit of the Government of India stands considerably higher in the London market in relation to the British Government and other gilt-edged borrowers than it did either in 1914 or 1923, or, for the matter of that, in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock show an appreciable improvement:—

	30th April 1914.	30th April 1923.	1st February 1926.	31st December 1926.
India 3 per cent. loan	75½	60½	58	59½
India 3½ per cent. loan	88½	70½	68	71½
Local loans 3 per cent. stock	87	69½	64½	63½
London County Council :				
3½ per cent. stock	97	79½	73	72½
3 per cent. stock	81	68½	63	62

19. The fact which these figures bring out, that India 3½ per cent. rupee stock has been quoted for the last year at a figure appreciably higher than that at which India 3½ per cent. sterling stock has been obtainable in London, has led to very considerable transfers of money from India to London in order to take advantage of the higher yield of the sterling stock. In other words, in addition to the reduction of India's sterling debt due to direct Government action, individual Indian investors have been reducing India's external liabilities by themselves buying back the titles to some part of her sterling loans and transferring them into Indian hands. This process may legitimately be regarded as the first step towards India's becoming a creditor nation in the ordinary sense of that phrase. She is, of course already a creditor nation.

in the sense that she regularly exports more commodities than she imports, but hitherto she has been content to take payment mainly in the precious metals. The process to which I have referred is one which offers great hopes for the future. It has not, however, been without some temporary inconveniences, and a major cause of comparative weakness of exchange during the year 1926-27 has undoubtedly been the movement of capital from India to London due to the higher rates for both long-term and short-term money which have prevailed in London for the greater part of the financial year. A fall in the rates for money in London is, I hope, within sight and will be of material assistance to India in helping to consolidate the improved market prices for Indian Government stocks in India.

20. The following statement carries on for a further year the figures regarding India's debt which I gave in my last Budget Speech:—

*Statement showing the Debt of India, outstanding at the close of each financial year.*

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.
<i>In India:</i>		(In crores of rupees)			
Loans . . . . .	339.83	358.81	370.38	368.29	374.48
Treasury Bills in the hands of public . . . . .	21.59	2.12	...	...	...
Treasury Bills in the Paper Currency Reserve . . . . .	49.65	49.65	49.65	49.65	41.47
Other Obligations—					
Post Office Savings Banks . . . . .	23.20	24.79	25.64	27.23	29.12
Cash Certificates . . . . .	3.13	8.42	13.12	20.96	27.04
Provident Funds, etc. . . . .	36.17	39.00	42.39	46.36	51.03
Total Loans, etc. . . . .	411.07	410.58	420.03	417.94	415.95
Total Other Obligations . . . . .	62.50	72.21	81.15	94.55	107.19
Total in India . . . . .	473.57	482.79	501.18	512.49	523.14
<i>In England:</i>		(In millions of £)			
Loans . . . . .	222.92	244.53	263.39	266.35	265.04
War Contribution . . . . .	19.71	19.27	18.81	18.32	17.81
Capital value of liabilities undergoing redemption by way of terminable railway annuities . . . . .	61.31	60.10	58.84	57.53	56.18
Provident Funds, etc. . . . .	.04	.13	.16	.21	.27
Total in England . . . . .	303.98	324.03	341.20	342.41	339.30
*Equivalent at 1s. 6d. to the Rupee . . . . .	405.31	432.04	454.93	456.55	452.40
Total Debt . . . . .	878.88	914.83	956.11	969.04	975.54
Productive { for Central Government . . . . .	536.65	557.09	600.05	623.38	654.42
for Provinces . . . . .	87.49	97.56	106.43	114.60	119.41
Total Productive . . . . .	624.14	654.65	706.48	737.98	773.83
Unproductive . . . . .	254.74	260.18	249.63	231.06	201.71
Total . . . . .	878.88	914.83	956.11	969.04	975.54

\* At 1s. 4d. to the rupee the figures would be:—

455.97      486.04      511.80      513.61      508.95

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21. In the year 1926-27, while our total debt will have increased from 969·04 to 975·54 crores, our sterling debt will have decreased from 456·55 to 452·40 crores. Our productive debt will have increased from 737·98 crores to 773·83 crores, and our unproductive debt will have decreased from 231·06 to 201·71 crores. Satisfactory as these figures are in themselves, they are still more pleasing in their reaction on our Budget expenditure and on the rate of interest at which we borrow in India whether for new capital outlay for productive purposes or for repayment of maturing debt. Thanks mainly to our policy of making regular provision for reduction or avoidance of debt, we borrowed in the market in India at the rate of 4·69 per cent. subject to income-tax in 1926 as compared with 6 per cent. tax-free in 1922, and the charge on the Budget of 1927-28 for interest on dead-weight debt is about 5½ crores less than it was in 1923-24, a saving considerably larger than the total amount of our present provision for reduction or avoidance of debt.

### BUDGET ESTIMATES FOR 1927-28.

#### *Revenue.*

22. The ground is now cleared for the presentation of the figures of revenue and expenditure of 1927-28. I put the net  
 Customs. revenue from Customs at 49·15 crores, an increase of 2·75 crores over the original estimate and of 1·46 crores over the revised estimate for 1926-27. Allowance has been made for a reduction of about 40 lakhs in the revenue from protective duty on steel owing to the effect of the new Steel Industry Protection Bill. It is wise to anticipate some reduction in the imports of sugar as compared with the very high figures of the past two years. The reductions under these two heads should, however, be compensated for by the normal growth of revenue under other heads.

23. Under the head of ' Taxes on Income ', I put our net receipts at 16·50 crores which is 35 lakhs more than the  
 Taxes on Income. Budget figure for the current year and 65 lakhs more than the revised estimate. The improvement under this head is due in part to slightly more profitable trade generally and in part to the substitution of tax-subject for tax-free Government of India securities.

24. The original estimate of revenue from salt duty for 1926-27 was 6·90 crores and I put the figures for 1927-28 at 7  
 Salt. crores, the increase being justified on the basis of the normal growth in consumption.

25. Under the head ' Opium ', we have to allow for a reduction of 10  
 Opium. per cent. in our exports in accordance with the policy announced last year. On the other hand, the considerable reduction which has been effected in the area of cultivation curtails our outgoings. I put the figure for gross revenue from Opium at 3·83 crores, which is 35 lakhs less than the revised figure for the current year, and the expenditure at 91 lakhs which is 16 lakhs less than the figure in the revised estimates for 1926-27. The net revenue will accordingly be 2·92 crores as compared with 3·12 crores in the current year.

26. The net receipts from Railways for 1925-26 were considerably below those for 1924-25 and in spite of the increased value of 1 per cent. on the capital charge, the contribution falls from 6·01 crores in 1926-27 to 5·48 crores in 1927-28.

27. Our receipts under other heads of revenue are estimated at 15·70 crores, being a reduction of 1·74 crores from the original estimate for 1926-27. This estimate assumes the continuance, pending the inauguration of the Reserve Bank, of the present practice of crediting to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve. The amount of these receipts has, of course, been diminished as the result of the reduction both of the sterling and of the Government of India rupee securities in the latter Reserve.

28. Our total estimate of revenue for 1927-28 comes to 128·96 crores as compared with an original estimate of 130·43 crores for 1926-27 and a revised estimate of 130·25 crores.

### *Expenditure.*

29. I estimate our net military expenditure for 1927-28 at 54·92 crores, or almost the same figure as the original military estimate for 1926-27, but 63 lakhs less than the revised figure for that year. The disappearance of post-war charges for demobilised officers accounts for a saving of 64 lakhs, but this is counterbalanced by the extra provision necessary for the expansion of the Air Force, by increased expenditure on improving the barrack accommodation for both British and Indian troops, and by the necessity for an additional outlay of 80 lakhs on ordnance and other stores to which I have already alluded. The following table exhibits the figures of net military expenditure for each year since 1921-22:—

1921-22	. . . . .	69·81	crores.
1922-23	. . . . .	65·27	"
1923-24	. . . . .	56·23	"
1924-25	. . . . .	55·63	"
1925-26	. . . . .	56·00	"
1926-27 (Revised estimate)	. . . . .	55·55	"
1927-28 (Budget estimate)	. . . . .	54·92	"

Though the Army has still considerable stocks of surplus stores for disposal, it is clear that we have practically come to the end of our power to reduce military expenditure by living upon existing stocks. The true reduction of expenditure in 1926-27 and 1927-28 as compared with the three previous years is considerably larger than the bare figures suggest, if allowance be made for the value of the stocks consumed but not paid for in the earlier years. Only the sternest economy and the strictest vigilance can now prevent our military Budget from showing a tendency to rise rather than to fall, and the present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised. It will interest the House to know that the figure of 54·92 crores for 1927-28 includes an additional provision of 5 lakhs in consequence of the decision to create the Royal Indian Navy. Of the savings the most important are 15 lakhs in pension charges and 13 lakhs in pay of British officers and troops.

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30. The most significant variation in our civil expenditure from the figures of the current year occurs under the head Civil expenditure. 'Interest on dead-weight debt', which I put at 10.63 crores as compared with 12.53 crores in the Budget for the current year. I have already drawn attention to the way in which our steady adherence to the policy of making regular provision for reduction and avoidance of debt and confining new borrowings to productive purposes is bringing in an annual dividend to the tax-payer in the shape of a progressively increasing saving in the charge for interest on dead-weight debt. The saving in gross interest charges is not less striking and the people of India are securing year by year, in addition to the tax-payers' saving on interest on dead-weight debt, all the advantages of lower interest charges on the capital which is being newly invested in productive works of development. This benefit is felt alike by the Railways, the Irrigation and the Forest departments, and the Provincial Governments as a whole to whom an improvement in the credit of the Government of India brings a much-valued boon in bringing down the rate of interest they have to pay on the sums borrowed by them from the Provincial Loans Fund or direct from the market.

31. For the last two years, the Government of India have been seeking gradually to restore some of the cuts made on the Beneficial services. advice of the Retrenchment Committee in the Government of India's expenditure on beneficial services. It is no reflection on the Retrenchment Committee to say that some of the cuts were short-sighted. Temporary expedients had to be adopted in the then existing financial situation. It was absolutely essential that expenditure should be reduced and it is to the labours of that Committee that we owe our present ability to take a somewhat longer view. Among the new items of expenditure, which have been approved by the Standing Finance Committee, I would draw special attention to the five-year programme for the expansion of education in the Frontier Provinces and other territories directly administered by the Government of India. This programme was drawn up by the Department of Education, Health and Lands on the suggestion of the Finance Department and is, we hope, only the first of a series of programmes relating to the other activities of that Department which largely monopolises the privilege, so far as the Government of India is concerned, of watching over those comparatively few services which have not been transferred to the Provincial Governments, where expenditure is directly and obviously related to the advancement of the social well-being of the masses of the people. The programmes for additional expenditure on sanitation and other services are not yet ready, though individual items of new expenditure on these services are included in the estimates for 1927-28. The educational programme which extends up to 1931-32 involves, during the five years, an additional non-recurring expenditure of 29½ lakhs and a recurring expenditure, rising gradually from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total amount of additional expenditure for the year 1927-28 is just under 12 lakhs. So long as the Provincial contributions remain unliquidated, the Government of India have felt themselves precluded from embarking on ambitious projects of optional expenditure within their own domain. But they feel it only right that citizens of the territories directly administered by them



should not be required to forgo entirely their claim to a share in the surpluses which have enabled and are enabling the Government of India to effect a progressive reduction in the Provincial contributions. The educational schemes, on which the money will be spent, vary widely in character as do the areas for the administration of which the Government of India is responsible. These areas include places as remote from each other as Manipur and the Andaman Islands on the east and Aden on the west and as divergent in area and population as the Province of Delhi and Baluchistan. The five-year programme is entirely based on estimates received from the local authorities of their present and future requirements. By far the major part of the grants will be devoted to the expansion and improvement of vernacular education; and among the more important of the proposals included in the programme are the introduction of compulsory education in the Imperial Capital and the opening of three hundred new primary schools in the North-West Frontier Province. With the funds now placed at their disposal the local administrators will be able to raise and maintain the standard of education in the areas under their charge, so far as the peculiar character of those areas admit, up to the standard reached in the neighbouring Provinces of British India.

32. For the year 1926-27 the revised Budget points to a net loss of Posts and Telegraphs. 7 lakhs as compared with the original estimate of 10 lakhs on the working of the Indian Postal and Telegraph Department, to which must be added the loss of 2 lakhs as compared with an original estimate of 7 lakhs under the Indo-European Telegraph Department. In 1927-28 we expect to improve slightly on these results. The gross receipts of the Indian Postal and Telegraph Department are put at 10·80 crores, while working expenses, including 57 lakhs for interest on capital, amount to a slightly larger total resulting in a net loss of Rs. 76,000. Provision has been made under the head of 'Working Expenses' for additional expenditure amounting to 12½ lakhs for new measures specially designed to improve the pay and allowances of members of the subordinate staff of the Department whose grievances have been receiving the close and sympathetic attention of my Honourable Colleague Sir Bhupendra Nath Mitra.

33. The Indian Postal and Telegraph Department is, as the House is aware, treated not as a profit-earning institution but as an organisation whose energies are directed to supplying postal and telegraph facilities to the general public in as full a measure as is compatible with the fundamental principle that the Department should not be a burden on the general tax-payer. Under normal conditions, the working expenses and interest charges should be, as nearly as possible, the same as the gross revenue of the Department. With the gradual improvement in trade, it is permissible to hope that the revenues will grow to an extent sufficient to show a substantial surplus over working expenses and interest charges. But that happy state of affairs is not yet actually in sight. It is clear, therefore, that any important reduction in the present postal and telegraph rates cannot be secured without saddling the general tax-payer with the necessity of paying a heavy subsidy.

34. In the case of the Indo-European Telegraph Department, the estimated net results of working in 1927-28 show a small loss of 3 lakhs which is slightly more than the figure in the current year.

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85. Our estimate of the aggregate expenditure of the Government for 1927-28 comes to 125.26 crores. Our estimate of Budget Surplus. revenue on the basis of existing taxation is, as already stated, 128.96 crores, resulting in a surplus of 3.70 crores.

36. The surplus of 3.70 crores for 1927-28 is arrived at on the assumption that there will be no departure during the year from the established rate of exchange of 1s. 6d. per rupee. The House will, I know, desire to be informed what effect a reduction of the rate of exchange from 1s. 6d. to 1s. 4d. would have on the Budget figures which I have presented. It is by no means easy to arrive at an accurate estimate. In a statement which is being circulated to-day, the many and various considerations which have to be taken into account in order to show the effect of a reduction to 1s. 4d. on the Budget for 1927-28 are set out in some detail. The effect on the Budgets for the following years is also considered in the same statement. The conclusion arrived at is that on the assumption that during the year 1927-28 it will be unnecessary to compensate any Government employees in any way for the loss of approximately 11 per cent. in the value of their wages, the reduction of the ratio to 1s. 4d. would result in 1927-28 in a total worsening of our position by 5.26 crores. I do not feel that it is my duty to-day on behalf of the Government to make suggestions how the resulting deficit of 1.56 crores should be provided for. The ratio controversy will be discussed on its merits next week and it will be time enough, when that controversy has been decided, to consider in detail the reactions of the decision on our Budget. Nor is it my intention to-day to enter into any discussion of the merits of the rival ratios. It is enough to observe that if the Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India while inevitably involving immediate and heavy sacrifices and losses, then surely the large sacrifice involved in the dislocation of the Budget, though not necessarily the most serious of the sacrifices that would be incurred, is an important and relevant consideration which it would have been folly for us to ignore or obscure.

#### CHANGES IN TAXATION.

37. The surplus of 3.70 crores is arrived at on the basis of the existing level of taxation. With 5.45 crores of Provincial contributions (apart from Bengal's contribution of 63 lakhs) still unliquidated, it is obvious that we cannot afford to give away any important portion of the surplus in reductions of taxation if we are to live up to our declared intention of directing our financial policy to the reduction and eventual extinction of the Provincial contributions as soon as may be. We are, therefore, not yet in a position to make full use of the valuable report of the Taxation Enquiry Committee whose recommendations the Government and the country have been studying during the past year. -I shall, I hope, have the approval of the House in saying that our general policy as regards taxation ought to be directed first towards a more equitable distribution of its incidence, so far as that may be attainable with due regard to the other canons of taxation, and the abolition of those imposts which are obnoxious in principle, such as some of the existing export duties, and that, when our finances permit, we should aim at a gradual reduction of

taxation to a level which give some relief to the tax-payer and leave a larger margin available for the Provincial Governments' needs. Once the Provincial contributions have been extinguished, we shall find ourselves in a freer atmosphere in which we can consider the question of taxation entirely or almost entirely from the standpoint of the Central Administration. With a surplus of 3.70 crores, the House will, I think, not desire us to propose additional taxation for the purpose of increasing the surplus. In 1927-28, therefore, we clearly cannot do more than effect minor changes, the net result of which will not be seriously to modify the surplus of revenue over expenditure.

38. The first proposals which I have to put before the House in regard to taxation affect two of our existing export duties, Export duty on hides, the export duty on hides and the export duty on tea. The export duty on hides has been condemned by the Fiscal Commission and the Taxation Enquiry Committee as wrong in principle and dangerous in effects. The trade is at present in a depressed condition and the Government have for some years seen no justification for the retention of the duty except on purely revenue grounds. The export duty on skins, which is open to some of the same objections, is both more productive and less positively harmful than the export duty on hides, and we do not feel that we are in a position this year to propose its reduction or abolition. We do, however, propose the immediate abolition of the export duty on hides involving a loss of 9 lakhs of revenue.

39. The export duty on tea brings in approximately 50 lakhs a year. Our finances clearly do not permit of its abolition unless we can find some means of compensating ourselves for the loss involved. Fortunately, we are in a position to make a proposal which will secure the disappearance of the export duty on tea with no ultimate loss to the revenue and at the same time offer definite advantages to the producers of tea. The tea companies are now assessed to income-tax on 25 per cent. only of their total profits, the balance being regarded as agricultural income and therefore not liable to income-tax. The proportion of 25 per cent. was based on imperfect data and later enquiries show that the non-agricultural profits of the tea companies amount to at least 50 per cent. of the whole. The Government, therefore, propose that the export duty on tea should be abolished and that the tea companies should in future be assessed to income-tax at 50 per cent. of their total net income, subject to the proviso that where there is a market for green tea and the non-agricultural profits can be exactly ascertained, income-tax should be assessed on the total of such non-agricultural profits. The abolition of the export duty on tea costs us 50 lakhs. We expect to get an additional 45 lakhs from income-tax on the non-agricultural profits in 1927-28 rising to 50 lakhs in 1928-29.

40. The next proposal which the Government have to make is one which will, I hope, be universally popular. We propose Import duty on motor cars, etc. that the import duty on motor cars should be reduced from 30 per cent. to 20 per cent. *ad valorem* and the import duty on tyres from 30 to 15 per cent. After making allowance for the stimulus to imports which this reduction of duty is expected to give, I estimate the cost of this proposal at 10 lakhs only. The reduction is in accordance with the views of the Taxation Enquiry Committee which rightly drew attention to the importance of encouraging the development of motor transport in India. Neither the Government nor, I think, the House would feel perturbed if

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the Provincial Governments seized the opportunity of this reduction of the import duty to impose Provincial taxation on the users of motor cars for the improvement and development of their systems of road communication.

41. There will be found included in the Finance Bill a provision for Import duty on rubber removing to the list of articles which can be imported seeds, etc. free of duty rubber seeds and rubber stumps which are at present subject to a duty of 15 per cent. *ad valorem*. The proceeds of this duty are inconsiderable but it is hampering an important adolescent industry in Burma, whose production promises to become an increasingly valuable item in our export trade. The Government of Burma have made a special representation to the Government of India in support of this concession. We are very glad to be in a position to meet their wishes.

42. I have one more proposal to make for reduction of taxation. The Government have decided to accept the recommendation made independently in several quarters and endorsed by the Currency Commission that the stamp duty on cheques should be abolished, with a view to the development of the banking habit in India. We propose at the same time to abolish the duty on other Bills of Exchange payable on demand. For the moment, we do not propose the abolition of the stamp duty on Bills of Exchange not payable on demand which requires further consideration and will involve a loss of about 25 lakhs of revenue. It will be desirable that the abolition of the stamp duty on cheques and other Bills of Exchange payable on demand should not come into force until the 1st of July next in order to give the banks time to make the necessary preparations. The cost of the abolition of the duty on cheques in a full year will be 7 lakhs but is estimated to amount for the nine months in 1927-28 to 5 lakhs only. This loss falls on the Provincial Governments but does not make any very material difference even to those Governments such as Bengal and Bombay, where the bulk of the duty is collected. In these circumstances, the Government do not think it necessary to compensate the Provincial Governments for the temporary loss of revenue involved, partly in view of the relief which will be given to those Governments in other directions, as the House will presently observe, and partly because we hope to be in a position a year hence to bring forward proposals for a division of the Stamps Head into Central and Provincial, coupled with a revision of the Devolution Rules which will fully make good to the Provinces what they will give up under the head 'Stamps'. The cost of abolishing the duty on other Bills of Exchange payable on demand will fall on Central Revenues, but will not be considerable, and I have felt it unnecessary to make any special provision for it.

43. Apart from the loss of 5 lakhs owing to the abolition of stamp duty Import duty on tobacco on cheques which will not affect the Central Government's Budget, the proposed reductions and changes in taxation involve a diminution of our revenue by 24 lakhs. In order partially to cover this loss, the Government propose to increase the import duty on unmanufactured tobacco from Re. 1 to Re. 1-8 per lb., an increase which is fully justified on statistical grounds and while giving some additional protection to Indian grown tobacco, will not materially affect the Indian cigarette industry which is now in a strong position. I expect to obtain 18 lakhs from this source.

44. The net effect of these measures on our estimates for 1927-28 will be a reduction of 51 lakhs under the head 'Customs' and an increase of 45 lakhs from Taxes on Income, with the result that our surplus will then stand at 8.64 crores.

#### FINAL PROPOSALS.

45. Our surplus of 3.64 crores for 1927-28 can, I think, reasonably be regarded as a recurrent one. The year 1928-29 will no doubt present us with problems of its own with a further falling off in our Opium revenue and in our receipts from Railways, if the revised Railway estimate for the current year on which the contribution for 1928-29 will be based is not wide of the mark. Special provision will also be necessary in 1928-29 for the premium (which is really deferred interest) on the 5½ per cent. bonds redeemable at 105 in 1928 in so far as these are not converted in advance of maturity. The inauguration of the Reserve Bank too may entail a temporary diminution in our revenue in the first year or two of its existence. On the other hand, our Customs tariff should continue to show a progressively increasing yield and there is ample room for expansion in our income-tax receipts without any increase of rates, and our interest charges, apart from the special item mentioned, are likely to show a further appreciable shrinkage. We are not called upon to take special precautions against a bad monsoon in advance of that much-dreaded event.

46. The natural use of a recurring surplus is to reduce Provincial contributions. I propose,—and I am sure that the House will unanimously agree,—that our surplus should be devoted to a permanent reduction by 3½ crores of the Provincial contributions distributed in strict accordance with the provisions of the existing Devolution Rules. This will leave only 1.95 crores of the contributions unremitted, excluding the Bengal contribution. Bengal is entitled to a share in the recurring remission of 3½ crores to the extent of 9 lakhs, so that her contribution of 63 lakhs will be reduced to 54 lakhs. As, however, Bengal will not be paying any contribution during 1927-28, the actual cost to the Government of India of the permanent remission of 3½ crores of the Provincial contributions will amount only to 3.41 crores in 1927-28.

47. Unfortunately, the amount of our surplus is not sufficient to enable us to make a clean sweep of all the Provincial contributions. It falls short of the amount required by 1.81 crores. It is an interesting coincidence that the deficiency is approximately equal to the amount of revenue sacrificed a year ago when the Cotton Excise Duty was remitted. Even more unfortunate is the fact that the permanent remission of 3½ crores, while bringing welcome relief to every Province, leaves 37 lakhs out of Bombay's contribution of 56 lakhs still unliquidated. The Bombay Government's Budget is, I am sorry to say, in a very unsatisfactory state. Bombay is faced with a considerable realised deficit on the working of 1926-27 and is under the shadow of a further estimated deficit of 51 lakhs in 1927-28 on other than Development transactions, which will be reduced to 32 lakhs by the remission of 19 lakhs of her contribution, this being Bombay's share of the 3½ crores. The Bombay Government have made a very strong appeal for help to the Government of India. It is needless for us to embark upon a critical examination of the causes of Bombay's difficulties. Even though we might be inclined not to acquit Bombay altogether of responsibility in the matter, we must in fairness recognise that the existing Devolution Rule 15 regarding the grant to the Provinces of an interest in the proceeds of

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Taxes on Income which was designed for the benefit of Bombay and Bengal in particular, has altogether failed in its purpose. Any special claims Bengal might have urged in this connection have been liquidated by the relief already accorded; she has been relieved from 1922-23 onwards of the payment of any part of her annual contribution of 63 lakhs, a gift of the aggregate value of 3.15 crores up to 31st March 1927. The only corresponding gift made to Bombay was a special non-recurring reduction of her contribution of 22 lakhs for the year 1925-26 only.

48. In these circumstances, the Government of India have been convinced that a very special effort ought to be made in 1927-28 on Bombay's behalf. We are equally convinced of the inexpediency of altering the existing Devolution Rule for the distribution of relief among the Provinces in a way which would help Bombay at the expense of other Provinces. Some other solution must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This amounts, as I have already stated, to 3.10 crores. After careful consideration, we have decided that the best way out of our difficulty will be to use a part of this surplus for the purpose of remitting the whole of the remainder of the Provincial contributions for the year 1927-28. This procedure will permit us to meet Bombay's needs in full measure and enable her to balance her Budget for 1927-28 without in any way infringing the rights or arousing the resentment of any of the other Provinces. On the contrary, it will bring them additional and welcome relief. It will carry with it relief to all the Provinces from any liability to pay any contribution to the Central Government in 1927-28. I may add in order to make the story complete, that we propose also to relieve Coorg of her contribution of Rs. 12,000.

49. The following table shows the distribution of the recurring and the non-recurring remissions in the case of each Province:—

(Lakhs.)									
								Recurring remission.	Non-recurring remission.
Madras	.	.	.	.	.	.	.	1,16	49
Bombay	.	.	.	.	.	.	.	19	37
Bengal	.	.	.	.	.	.	.	9	54
U. P.	.	.	.	.	.	.	.	99	52
Punjab	.	.	.	.	.	.	.	60	26
Burma	.	.	.	.	.	.	.	31	19
C. P.	.	.	.	.	.	.	.	8	14
Assam	.	.	.	.	.	.	.	8	7
TOTAL								3,50	2,58

50. These measures will exhaust the surplus in the Central Government's Budget for 1927-28 and reduce to 1.29 crores Special relief to Bombay. the estimated surplus in the revised Budget of 1926-27. The proposals so far made regarding the Provincial contributions, while fully meeting Bombay's needs for 1927-28, do nothing to make up to her for the disappointment of her expectations

regarding a share in the proceeds of Taxes on Income under Devolution Rule 15 in the past year. In order that the Bombay Government may not feel that we are deaf to her claims on this account, we propose further that a sum of 28 lakhs out of the still remaining surplus for 1926-27 should be devoted to relieving Bombay of one-half of her contribution of 56 lakhs for the current year. We propose to couple this special concession with the condition that her Budget for 1927-28 shall show a balance on the right side. I am glad to know from the figures of the Bombay Budget presented in the Bombay Legislative Council last week, that there is every prospect of this condition being satisfied.

51. There remains a sum of 1.01 crores still left unallocated out of the realised surplus of 1926-27. I have already observed that the inauguration of the Reserve Bank in 1928-29 may cause some temporary diminution of the Central Government's revenue. It would be undesirable, if we can avoid it, to make any special call on the taxpayer for the purpose of tiding over temporary Budget difficulties connected with the financing of the new Gold Bullion Standard and Reserve Bank. The Government accordingly propose to utilise the remainder of the realised surplus of 1926-27 as a nest egg either for the purpose of relieving the Budgets of 1928-29 and 1929-30 of temporary charges incident to the inauguration of the new currency system or for the purpose of increasing the strength of the reserves to be handed over to the Reserve Bank as cover for the note-issue or for both purposes, according as circumstances dictate.

52. The procedure which we propose is to open a special Deposit Account and pay into it the whole of the realised surplus for Revenue Reserve. 1926-27. In the estimated receipts for 1927-28, there would be included a payment from this Account to revenue of the sum required to balance revenue and expenditure in 1927-28, on present figures 1.81 crores. The amount finally credited to revenue in 1927-28 would, however, be not this exact amount but such sum as may ultimately prove necessary in order to bridge whatever the final gap may be between the expenditure for the year and the ordinary revenue, apart from this assistance from the special reserve. In order that this may be done, the Government propose to present to the House, at the time when the Finance Bill is taken into consideration, a special supplementary estimate covering the transfer to the special reserve of the surplus of 1926-27.

53. I desire to emphasise clearly the fact that the non-recurrent remission of the Provincial contributions must be regarded as definitely temporary, so that if a recurring surplus is not available a year hence sufficient to enable us to make this remission permanent, it will be necessary either to restore the temporarily remitted contributions wholly or in part or else to propose fresh taxation.

54. The House will recognise that even though the Government are formally safeguarded against the accusation of counting unhatched chickens by the provision that the final portion of the Provincial contributions is remitted for one year only, they are clearly taking the risk that if the monsoon of 1927 is specially unfavourable, both the Government and the House, and in a special degree the Finance Member, will be faced next year with difficulties which will in a measure be self-imposed.

55. Our proposals are also open to another objection which I should be the last to minimise. They involve a diversion of the realised surplus of 1926-27 from its proper application to the reduction or avoidance of

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debt. The House will, I am sure, do me the justice of recognising that I have not been backward in insisting on the virtues of strictness and purism in the matter of debt redemption. My defence for this lapse from virtue must be that the complete liquidation of our liabilities to the Provinces in respect of Provincial contributions is a very big prize, justifying a very special effort, and that a succession of realised surpluses has enabled us to outdistance our own fixed programme of debt redemption in the last few years, and that the fixed programme remains unmodified and involves us in any case in a charge of 5.12 crores for reduction or avoidance of debt in 1927-28. We can, I think, justifiably make this concession without denying our principles, in order to secure the advantages for India, economic and social, and the stimulus to the successful working of the Reforms, which will flow from the release of 5.45 crores of revenue to the Provinces for expenditure on those nation-building services which all true friends of India and of the Reforms have so deeply at heart.

56. Finally, we should not be unmindful of the fact that so long as Provincial contributions remained unliquidated, the occurrence of a bad monsoon, which would affect Provincial finances more directly and more severely than Central finances, would make the position of the Central Government an uneasy one in the face of demands from the Provinces for assistance from the Central Budget, a state of affairs which will be fundamentally changed once we have ceased to exact any contributions. From the standpoint of our Ways and Means Budget, the complete release of the Provincial contributions makes less difference than might at first sight be expected. It is improbable that the Provinces will find it expedient to embark immediately on heavy additional expenditure, as time will be required for working out plans and programmes. Indeed, so far as the year 1927-28 is concerned, I anticipate that the surplus of 1926-27 will, in effect, remain in our balances and be available temporarily for the avoidance of debt, so that the amount of new money which we shall ask for from the market, when we issue our Rupee Loan in the summer, will not be increased as a result of these proposals.

57. Let me sum up the Government's plans for dealing with the surpluses of 1926-27 and 1927-28. The current year's surplus of 3.10 crores will be reduced to 2.82 crores by the special remission of 28 lakhs of the Bombay Government's contribution for 1926-27. This sum of 2.82 crores will be transferred in its entirety to a special reserve so that the revised estimate for the current year will not exhibit either a revenue surplus or a deficit. The next year's surplus of 3.64 crores will be supplemented by such sum, at present estimated at 1.81 crores, as may be required to be transferred from the special reserve in order that the outturn of the year 1927-28 may also show neither a deficit nor a surplus. The credit balance in the special reserve at the close of 1927-28, at present estimated at 1.01 crores, will be kept in hand as a nest egg for use in connection with the inauguration of the new Gold Bullion Standard and Reserve Bank.

#### CONCLUSION.

58. Each of the three Budgets laid before the Second Assembly was not only balanced at the time of its introduction but has presented India with an appreciable realised surplus of revenue over expenditure. The necessity of reducing the salt tax from Rs. 2-8 to Rs. 1-4 per maund in the



Budget of 1924-25 postponed the beginning of the remission of the Provincial contributions. The Budgets for 1925-26 and 1926-27, relieved finally of the uncertainties of Railway Finance by the separation of the Railway Budget from the General Budget, effected a reduction in the Provincial contributions amounting to 3.75 crores or, if the Bengal contribution be included, a reduction from 9.83 crores by 4.38 crores to 5.45 crores. In addition, the Budget for 1926-27 signalled the demise of the unlamented Cotton Excise Duty. In its first Budget, this new Assembly has before it proposals for the complete extinction, at any rate so far as the year 1927-28 is concerned, of the Provincial contributions.

59. I account it a great stroke of good fortune for myself and a happy augury for the financial work of the new Assembly that its first Budget should be the first since the Reforms in which our revenues are independent of assistance from the provincial tax-payer. Ever since the Reforms were inaugurated, the Provincial contributions have been a millstone round the neck both of the Central Government and of the Provincial Governments, poisoning their mutual relations and hampering their every action. Their quality, even more than their amount, has strained the resources of the giver and the patience of the recipient. They have brought curses, not blessings, both to him who has given and to him who has taken. The year 1927-28 sets India free from this incubus.

60. It is true that final and complete freedom has still to be won and that we are still relying on the Budget of 1928-29 to consolidate the ground now occupied. The year before us must be devoted to a further and final effort to this end. But meanwhile the Provincial Governments will have at their immediate disposal large additional resources and they can turn confidently to the work of framing projects for the advancement of the well-being of their citizens. Governments and, in particular, Finance Departments, and even Finance Members, are often taunted with being heartless and inhuman, and it is doubtless difficult, and occasionally dangerous, to wax sentimental over figures. There is nothing to capture the imagination or stir the emotions in the figure of 5.45 crores. But what romance lies behind this figure when it is translated into spending capacity in the hands of the Ministers in the Provinces! It is always wise, when discussing figures and accounts, to remember that money represents nothing more than a power to command goods and services. The programme of educational expenditure in the territories directly administered by the Government of India, to which I referred earlier in my speech, involves over a period of 5 years a total expenditure, recurring and non-recurring, of 68 lakhs. In addition to improved accommodation and a higher standard of teaching for hundreds of existing schools and thousands of existing scholars, these 68 lakhs represent something like 600 new schools and 30,000 children brought within reach, for the first time, of the privileges of education year by year. What will 5.45 crores a year transfigured into goods and services, available year by year in the hands of the Provincial Governments, mean in the promotion of human happiness, in the prevention of preventable disease and ignorance, in the widening of the opportunities for a good life for many crores of the people of India! It is in the belief that by the acceptance of this Budget, Members of this House have it in their power to promote the health and happiness of millions of the masses of India that I commend the Government's proposals to the House and to the country.

*Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1916-17 to 1925-26.*

(See paragraph 2 of speech.)

[In thousands of Rupees.]

	REVISED ESTIMATE.			ACTUALS.		
	Revenue.	Expenditure.	Surplus (+) Deficit (-).	Revenue.	Expenditure.	Surplus (+) Deficit (-).
1916-17 . .	97,25,67	88,27,37	+ 8,98,30	98,53,10	87,31,37	+ 11,21,73
1917-18 . .	1,14,84,48	1,06,27,74	+ 8,56,74	1,18,70,58	1,06,57,52	+ 12,13,06
1918-19 . .	1,27,94,65	1,34,79,88	- 6,85,23	1,30,40,66	1,36,13,72	- 5,73,06
1919-20 . .	1,44,07,56	1,59,18,67	- 15,11,11	1,37,13,98	1,60,79,27	- 23,65,29
1920-21 . .	1,35,10,35	1,48,03,61	- 12,93,26	1,35,63,32	1,61,64,17	- 26,00,85
1921-22 . .	1,13,15,32	1,41,94,52	- 28,79,20	1,15,21,50	1,42,86,52	- 27,65,02
1922-23 . .	1,20,70,17	1,37,95,52	- 17,25,35	1,21,41,29	1,36,43,05	- 15,01,76
1923-24 . .	1,31,96,04	1,29,89,97	+ 2,06,07	1,33,16,63	1,30,77,63	+ 2,39,00
1924-25 . .	1,34,82,26	1,30,82,68	+ 3,99,58	1,38,03,92	1,32,35,66	+ 5,68,26
1925-26 . .	1,31,35,25	1,20,04,87	+ 1,30,38	1,33,32,98	1,30,01,80	+ 3,31,18

### THE INDIAN FINANCE BILL.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I beg to move for leave to introduce the Indian Finance Bill, 1927.

The motion was adopted.

**The Honourable Sir Basil Blackett**: Sir, I introduce the Indian Finance Bill, 1927.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 1st March, 1927.

# LEGISLATIVE ASSEMBLY.

*Tuesday, 1st March, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## MEMBERS SWORN:

Sir Ganen Roy, Kt., M.L.A. (Director General of Posts and Telegraphs); and

Mr. H. Shankar Rau, M.L.A. (Finance Department: Nominated Official).

## QUESTIONS AND ANSWERS.

### HOUSE RENT OF SUB-POSTMASTERS IN BOMBAY.

626. **\*Mr. D. V. Belvi:** (a) Will Government be pleased to state the minimum house rent sanctioned for a Sub-Postmaster in the Bombay City in lieu of free quarters before the 1st March, 1925?

(b) What is the minimum after the 1st March, 1926?

(c) Is it a fact that the Standing Finance Committee was told in February, 1926, that this house rent allowance to Sub-Postmasters in lieu of free quarters would " Ordinarily be 10 per cent. of average pay " of the Postmaster and specially " in the case of Bombay, Calcutta and Karachi, it might be necessary to sanction allowances in excess of this limit " ?

(d) What is the average pay of a time scale post office official in Bombay on and after the 1st March, 1926?

(e) Is it a fact that the rent paid by the Post Office Department to the Improvement Trust on account of rooms in Foras Road Chawls occupied by postmen and inferior servants is Rs. 11 or more, less a concession of 10 per cent. per room?

(f) If reply to (e) above is in the affirmative, do Government propose to raise the minimum of house rent allowance to Sub-Postmasters in Bombay having no free quarters to the old standard in existence prior to the 1st March, 1925?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Rs. 15.

(b) Rs. 10.

(c) The Standing Finance Committee were not informed as in the first part of this question but were informed as in the concluding part.

(d) Rs. 110.

(e) The rent paid to the Improvement Trust varies from Rs. 10/5 to Rs. 13/8 less 10 per cent. per room.

(f) Government propose to examine the matter.

CLOSING OF THE TELEGRAPH BRANCH OF THE BELAPUR (THANA) POST OFFICE.

627. **\*Mr. D. V. Belvi:** (a) Is it a fact that the cost of maintenance of the telegraph branch of the Belapur (Thana) Post Office is paid by the Salt and Customs Department?

(b) Is it a fact that the Salt and Customs Department refuses to pay the cost of maintenance?

(c) Have the residents of Belapur (Thana) been informed that the telegraph branch will be closed as unremunerative unless they pay the cost of maintenance?

(d) Is the Post Office also at Belapur (Thana) going to be closed?

(e) Is it a fact that the Belapur (Thana) Office is on a telegraph line passing through Belapur to offices beyond?

(f) Is there a separate telegraph operator maintained at Belapur (Thana) for telegraph work?

(g) If not, what extra cost is incurred by Government for maintaining telegraphic communication at Belapur (Thana)?

(h) Is it not the avowed policy of Government to extend postal facilities in rural areas even at some cost?

(i) If so, are Government prepared to allow the present Combined Post and Telegraph office at Belapur (Thana) to continue without asking the public to pay additional charges of maintenance?

**The Honourable Sir Bhupendra Nath Mitra:** (a) No.

(b) That Local Government, who were consulted, refused to accept financial responsibility for the maintenance of the telegraph Branch. The Salt and Customs Department were not referred to by the Postmaster-General.

(c) Yes.

(d) No.

(e) No.

(f) No.

(g) The extra cost is due to the employment of a sub-postmaster with knowledge of telegraphy, instead of a branch postmaster on a lower rate of pay, and on account of the maintenance of the telegraph line and apparatus.

(h) and (i). It is the policy of Government to extend postal facilities in rural areas even if offices experimentally opened are not self-supporting from the outset, provided there is a reasonable expectation of their proving so ultimately. It is not however our policy to maintain indefinitely unremunerative offices which, as in the case of that at Belapur, have failed after prolonged periods to justify their existence and when the local interests are unwilling to indemnify the Post and Telegraph Department against loss.

I may add for the Honourable Member's information that the criteria to be applied when considering the question of maintaining or closing unremunerative combined Post and Telegraph offices are being re-examined; and the case of the Belapur office will be reviewed when a decision has been arrived at; in the meantime the office will be maintained as hitherto.

INDIAN DELEGATES TO THE INTERNATIONAL LABOUR CONFERENCE.

628. **\*Lala Lajpat Rai:** 1. Is it true that the full quota of every State which is entitled to send delegates to the International Labour Conference is as follows:

- Two Government delegates with advisers,
- One Representative of Employers with two advisers,
- One Representative of Labour with two advisers?

2. Are Government aware that most of the States represented in the International Labour Conference do generally send their full quotas?

3. Are Government aware that the Director of the International Labour Office is anxious that every State should send its full quota?

4. Are Government aware that British Dominions and Great Britain do as a rule send their full quotas?

5. Is it a fact that the Government of India does not do so?

6. If so, why?

**The Honourable Sir Bhupendra Nath Mitra:** 1. The answer is in the negative. The attention of the Honourable Member is invited to Article 389 of the Peace Treaty.

2. On the contrary, the numbers of States sending the full quotas they were entitled to send to the last four Conferences were respectively, nil, nil, five and nil. At no one of these Conferences did more than a quarter of the nations represented send even the quota regarded as the full quota by my Honourable friend.

3. No. So far as the Government of India are aware, the Director of the International Labour Office is anxious that every State should send the complete number of delegates and a sufficient number of advisers to enable the delegation to take an active part in the work of the Conference and its different committees.

4. The answer is in the negative. To none of the last four Conferences did any Dominion send the maximum number of representatives permissible: Great Britain did so to only one of these Conferences.

5 and 6. The Government of India have hitherto invariably sent the full number of delegates permissible. They have also sent advisers where necessary to enable the delegation to take an active part in the work of the Conference and its different committees. They consider that the practice of sending the full quota permissible would involve an expenditure unjustified in the circumstances. I might add that the full quotas permissible for the last four Conferences were 36, 36, 12 and 20 respectively.

**Mr. K. Ahmed:** Was there any delegate representing agricultural labour in India sent by the Government of India to represent them in the International Labour Conference?

**The Honourable Sir Bhupendra Nath Mitra:** To the best of my knowledge, Sir, the answer is in the negative.

**Mr. K. Ahmed:** Do Government propose, for the benefit of the country, to consider the matter again and again and in future send to that Conference representatives of the agriculturists who really represent agriculture and not time-serving politicians? (*Honourable Members:* "Order, order.")

**Lala Lajpat Rai:** Is the Honourable Member aware that a delegate without an Adviser or Advisers is seriously handicapped in the performance of his duties at the International Labour Conference on account of there being so many Committees and Sub-Committees which he has to attend?

**The Honourable Sir Bhupendra Nath Mitra:** I have received no complaint, Sir, from any of our past delegates on the subject.

**Lala Lajpat Rai:** May I ask the Honourable Member if he has read the Director's report which he submitted at the eighth session of the Labour Conference?

**The Honourable Sir Bhupendra Nath Mitra:** Yes, Sir, I have done so.

**Mr. N. M. Joshi:** May I ask whether the Honourable Member has read what all the Delegates have written on this subject?

**The Honourable Sir Bhupendra Nath Mitra:** I have read some of them, Sir. It is rather a large order to ask me to recollect what all these Delegates have written.

**Mr. N. M. Joshi:** May I ask, Sir, how many Advisers Government propose to send this year?

**The Honourable Sir Bhupendra Nath Mitra:** I cannot for the moment say, Sir, whether a final decision has yet been arrived at in the matter, but if my Honourable friend wants information, I should be obliged if he will put down notice of that question.

**Lala Lajpat Rai:** Sir, in view of the huge amount that this country contributes towards the expenses of the League of Nations, does not the Honourable Member consider that they should be allowed to take full advantage of the International Labour Conference by sending their full quota?

**The Honourable Sir Bhupendra Nath Mitra:** As I have said, Sir, we do send our full quota of Delegates. There is no such thing as a full quota of Advisers. It is true that we do contribute a certain sum of money to the expenses of the International Labour Office, but it does not follow that we must in addition spend another large sum of money on sending Advisers where we as a Government do not consider it necessary to do so.

**Mr. K. Ahmed:** In view of the fact that a statement has already been made by His Excellency the Viceroy with regard to the amelioration of the conditions of agriculturists in this country, do Government propose to consider again that in future the representatives of the agriculturists should be sent there so that thereby my friend Lala Lajpat Rai's "full quota" of representation may be obtained, and that without that, Sir, the purpose for which Delegates are sent to the International Labour Conference will be frustrated?

**The Honourable Sir Bhupendra Nath Mitra:** I am sorry, Sir, I have lost the hang of the question.

**Mr. N. M. Joshi:** May I ask, Sir, whether Government will consider the number of persons sent to Geneva for the International Labour Conference in connection with the number sent by either Great Britain or Japan, and if they find that India is sending a smaller number, will they reconsider this question?

**The Honourable Sir Bhupendra Nath Mitra:** I shall take that point into consideration, Sir, when I am making selections for the year 1928.

**Lala Lajpat Rai:** Does not the Honourable Member consider that the absence of Advisers reduces the number of those people from whom Delegates might be chosen every year with full knowledge of the work they have to do to almost nil and places the electing bodies in a very difficult position?

**The Honourable Sir Bhupendra Nath Mitra:** That is a matter of opinion and at the present moment the opinion of Government is not in agreement with that of my Honourable friend.

**Mr. N. M. Joshi:** May I ask the Honourable Member whether he will consider the question of sending more Advisers to the 1927 Conference?

**The Honourable Sir Bhupendra Nath Mitra:** I am not at the present moment in a position to tell the House as to what we shall do in regard to the 1927 Conference.

#### NOMINATIONS TO THE INDIAN CIVIL SERVICE OF MUSLIMS FROM BENGAL.

629. **\*Mr. Anwar-ul-Azim:** Will Government be pleased to state how many people have been appointed members of the Indian Civil Service from Bengal by nomination, since 1919, and how many of them are Mussalmans?

**The Honourable Sir Alexander Muddiman:** Since 1919 (and including that year) seven candidates from Bengal have been appointed to the Indian Civil Service by nomination. Three of these candidates are Muhammadans.

#### NOMINATIONS TO THE INDIAN CIVIL SERVICE OF PERSONS FROM BENGAL.

630. **\*Mr. Anwar-ul-Azim:** Will Government be pleased to state how many people in Bengal applied for appointment in the Indian Civil Service in 1919 by nomination? How many of them were selected, or recommended by the Selection Board over which Sir Charles Stevenson-Moore presided? Will Government be pleased to state who they were, and how many of them have received positions in the I. C. S. compatible with their qualifications up to now?

**The Honourable Sir Alexander Muddiman:** The Selection Board set up in Bengal in 1919 under the special temporary provisions for recruitment to the Indian Civil Service received applications from 248 persons, of whom 14 did not possess the necessary preliminary qualifications and 14 failed to appear when called upon. The Board recommended 14 candidates to the Local Government for consideration and four of these were selected and appointed to the Indian Civil Service. I am not prepared to state the names of those who were sent up by the Board for consideration but not appointed. As far as I am aware none of them were appointed subsequently to the Indian Civil Service.

### ROUTE OF THE PROPOSED BELONIA RAILWAY.

631. **\*Mr. Anwar-ul-Azim:** Will Government be pleased to state whether they have received any objections from the people of Feni Subdivision with regard to the route which the proposed Belonia Railway is taking in the district of Noakhali (Bengal)?

**Mr. A. A. L. Parsons:** Yes. We have sent the representations to the Agent of the Assam Bengal Railway who will no doubt consider them when he is considering whether to proceed with the construction of this line; the project at the moment is only in the survey stage.

### ELECTION OF MUSSALMANS TO THE COURT OF MANAGEMENT OF THE DELHI UNIVERSITY.

632. **\*Mr. Anwar-ul-Azim:** (a) Will Government be pleased to state whether the University of Delhi elects any Mussalmans, by registered graduates, on its Court of management?

(b) What is the proportion of Mussalmans in the professorial cadre of the University of Delhi?

**Mr. J. W. Bhore:** (a) Yes.

(b) The University (central organisation) employs at present six paid teachers, namely, three readers and three lecturers, all of whom are non-Muslims.

### REPRESENTATIVES OF DIFFERENT COMMUNITIES HOLDING APPOINTMENTS OF ASSISTANT STATION MASTERS, STATION MASTERS AND GUARDS ON THE NORTH WESTERN RAILWAY.

633. **\*Lala Rang Behari Lal:** (a) Will Government be pleased to state the number of:

- (1) Indians;
- (2) Indian Christians;
- (3) Anglo-Indians and Europeans;
- (4) Parsis;

who hold the posts of:

- (a) assistant station masters;
- (b) station masters;
- (c) guards;

on the North Western Railway?

(b) Will Government also state the rates of pay for each of the classes?

**Mr. A. A. L. Parsons:** (a) Government have no information regarding the number of posts of assistant station masters, station masters and guards on the North Western Railway held by different nationalities.

(b) I am sending the Honourable Member a statement showing the scales of pay of the different classes. There is no differentiation in the rates of pay of Europeans and Indians and the rates apply to men of all nationalities alike.



PROHIBITION OF THE NAGAR KIRTANS OF THE ARYA SAMAJ.

634. **\*Mr. Mukhtar Singh:** Have the Government of India received any representations on behalf of the Arya Samaj in connection with the prohibition of the Nagar Kirtans of the Arya Samaj? If the answer be in the affirmative, will Government be pleased to state the action taken on such representations?

**The Honourable Sir Alexander Muddiman:** The Government of India have received such representations, but they have seen no reason to interfere with the discretion which Local Governments enjoy to deal with these matters.

ADVERTISING OF RAILWAY TIMINGS.

635. **\*Mr. Mukhtar Singh:** Do Government use the newspapers for the publicity of the railway timing, etc.? If so, will Government be pleased to state the names of the papers in different provinces in which the timings are advertised?

EXPENDITURE ON ADVERTISEMENTS RELATING TO RAILWAY TIMINGS.

636. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the amount of expenditure incurred every year during the last three years in advertising the railway timings in the newspapers?

**Mr. A. A. L. Parsons:** I propose with your permission, Sir, to answer questions Nos. 635 and 636 together.

Government do not themselves take action to give publicity to railway timings as this is a matter left to Railway Administrations who themselves notify changes in timings in newspapers. .

The information regarding the names of papers and the expenditure incurred in this way by Railway is not available.

PUBLICATION OF THE STATE RAILWAYS TIME TABLES IN THE VERNACULAR.

637. **\*Mr. Mukhtar Singh:** (a) Have Government made any arrangement for publishing the time tables of the different State Railways in the different vernaculars of the provinces?

(b) If the answer be in the affirmative, will Government be pleased to state the railways of which the time tables are available in the vernacular and at what price they can be had?

PUBLICATION OF TIME TABLES FOR TRAVELLERS UNAQUAINTED WITH ENGLISH.

638. **\*Mr. Mukhtar Singh:** Have Government made any arrangements for publishing the time tables of the State Railways for the guidance of those who do not know English?

**Mr. A. A. L. Parsons:** I propose with your permission, Sir, to reply to questions Nos. 637 and 638 together.

The arrangements are not made direct by Government but I am enquiring from Railway Administrations what the practice is and I will let the Honourable Member know in due course.

**CASTOR CAKE AND CAKE DUST SOLD YEARLY AT THE MANARI WORKSHOP  
ON THE EAST INDIAN RAILWAY.**

639. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the yearly output of castor cake and cake dust sold each year during the last five years at the Manari workshop on the East Indian Railway?

**DISPOSAL OF CASTOR CAKE AND CAKE DUST AT MANAURI STATION ON THE  
EAST INDIAN RAILWAY.**

640. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the method by which castor cake and cake dust is disposed of at Manauri station on the East Indian Railway?

**PRICE OF CASTOR CAKE AND CAKE DUST.**

641. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the price per maund of castor cake and cake dust respectively, received during the last five years?

**PLACES ON THE DIFFERENT RAILWAYS WHERE CASTOR CAKE OR CAKE  
DUST IS AVAILABLE.**

642. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the places over the different railways where castor cake or cake dust is available?

**Mr. A. A. L. Parsons:** I propose also with your permission, Sir, to answer questions Nos. 639 to 642 together. Government have no information as to the price per maund of castor cake and cake dust during the last five years, or the places over the different railways where cake or cake dust is available. They are calling for the information in reply to questions Nos. 639 and 640 and will furnish it to the Honourable Member on receipt.

**INCOME FROM THE SALE OF TREES ON THE DIFFERENT RAILWAYS.**

643. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the amount of income from the sale of trees on the different railways during the last five years?

**PLANTING, CULTURE AND SALE OF TREES ON THE DIFFERENT RAILWAYS.**

644. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the method of planting, nourishing and selling the trees on the railway lines of the different railways?

**EXPENDITURE ON THE PLANTING AND CULTURE OF TREES ON THE  
DIFFERENT RAILWAYS, ETC.**

645. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the amount of expenditure incurred on the planting and nourishing of the trees on the railway lines each year and the income got from these trees each year?

RECRUITMENT OF GARDENERS ON THE GOVERNMENT RAILWAYS.

646. **\*Mr. Mukhtar Singh:** (a) Are there some qualified men employed for the planting and rearing of the trees on the Government railways?

(b) Is the system uniform on all the railways or is there some difference in working?

(c) Wherefrom and how are these men recruited to work on this important job of planting and rearing the trees?

**Mr. A. A. L. Parsons:** I propose again, Sir, to answer this and the three questions following together, that is to say, Nos. 643 to 646.

Government have no information. Our statistics do not show these receipts separately from other receipts.

GRAZING LANDS NEAR RAILWAY LINES.

647. **\*Mr. Mukhtar Singh:** Is the land on both the sides of the Government railways used for grazing cattle by the adjoining villages? If so, will Government be pleased to state the precautions taken in order to avoid accidents on the railway lines?

**Mr. A. A. L. Parsons:** Yes and trespassing on railway land for the purposes of grazing cattle is also not unknown. Fencing is provided round station yards and near level crossings, on sections of line running through densely populated districts at the discretion of the Railway Administration.

NAMES OF MEMBERS OF THE ADVISORY COMMITTEES OF THE NORTH WESTERN AND EAST INDIAN RAILWAYS.

648. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the names of the gentlemen who are serving on the North-Western Railway and East Indian Railway Advisory Committees?

**Mr. A. A. L. Parsons:** The names of the members of the Local Advisory Committees are published in the time-tables of the respective railways and the Honourable Member should refer to them.

ISSUE OF INTERMEDIATE AND THIRD CLASS RETURN TICKETS ON RAILWAYS.

649. **\*Mr. Mukhtar Singh:** Have Government made any arrangements to allow intermediate and third class return tickets on the railways? If so, will Government be pleased to state the names of the railways on which the system is in vogue? If the answer be in the negative, will Government be pleased to state its reasons for not adopting this course?

ISSUE OF INTERMEDIATE AND THIRD CLASS RETURN TICKETS ON RAILWAYS.

650. **\*Mr. Mukhtar Singh:** Has the system of granting return intermediate and third class tickets been tried on any of the railways and with what results? If the answer be in the negative, do Government propose to consider the advisability of trying this system as an experimental measure on one of the railways at an early date?

**Mr. A. A. L. Parsons:** I propose with your permission, Sir, to answer questions Nos. 649 and 650 together.

No arrangements have been made for the general issue of intermediate and third class return tickets on railways. Certain railways, however, issue return intermediate class tickets at reduced fares, for example, the East Indian, Eastern Bengal and Bengal-Nagpur Railways. As regards third class passengers, it is felt that where the financial position of railways permits of a reduction in fares, a reduction in single journey fares is more desirable than reduction on return fares.

Experiments are, however, being made on certain railways by giving return lower class tickets at cheaper fares for week-ends, holidays and melas, etc. These railways are the Bengal Nagpur, Bombay, Baroda and Central India, Eastern Bengal, Madras and Southern Mahratta, Great Indian Peninsula, South Indian and His Exalted Highness the Nizam's Guaranteed State Railways.

Further developments must depend on the results of these experiments.

**Mr. Gaya Prasad Singh:** Are Government aware that the Bengal and North Western Railway have discontinued the practice of issuing return tickets?

**Mr. A. A. L. Parsons:** Return third class tickets?

**Mr. Gaya Prasad Singh:** Return tickets for all classes. They do not issue return tickets at all.

**Mr. A. A. L. Parsons:** The Honourable Member appears to have the information which he seeks to obtain from me.

**Mr. M. K. Acharya:** Is there any idea of abolishing intermediate class tickets on the various railways?

**Mr. A. A. L. Parsons:** No immediate idea, Sir.

#### FINANCIAL RESULTS OF THE INTRODUCTION OF FIRST AND SECOND CLASS RETURN TICKETS ON RAILWAYS.

651. **\*Mr. Mukhtar Singh:** (a) Will Government be pleased to state the financial results of issuing first and second class return tickets on the different railways?

(b) Has the system been a paying one and has it compensated the loss in fares by attracting more passengers?

(c) Will Government be pleased to state the railways upon which the system of granting first and second class return tickets is in force?

(d) Will Government be pleased to state why the system is not used on all the railways if useful and why it is not abandoned if it is wasteful?

**Mr. A. A. L. Parsons:** (a), (b) and (d). The financial results are not yet known.

- (c) 1. Bengal Nagpur.  
2. Bombay, Baroda and Central India.  
3. Eastern Bengal.  
4. East Indian.

5. Great Indian Peninsula.
6. Madras and Southern Mahratta.
7. North Western.
8. South Indian.

RECOGNITION OF THE SERVICES AND TALENTS OF ABDUL AZIZ, A FOREMAN OF THE RAILWAY WORKSHOP AT MORADABAD.

652. **\*Maulvi Muhammad Yakub:** (a) Are Government aware that Foreman Abdul Aziz of the Moradabad railway workshop prepared a model of the town of Hardawar and sent it to England for the Wembley Exhibition?

(b) Are Government aware that the said model was very much appreciated at the Wembley Exhibition?

(c) Are Government aware that besides making the model mentioned above the above-named foreman has invented also certain other useful articles?

(d) Are Government aware that Abdul Aziz has not yet received any recognition for his long and meritorious services although he made representations to his higher authorities?

(e) Do Government now propose to make a recognition of the services and talents of the said Abdul Aziz in some appropriate form?

**Mr. A. A. L. Parsons:** Information is being obtained and, on receipt, will be furnished to the Honourable Member.

EMPLOYMENT OF A LADY TICKET COLLECTOR AT HARDAWAR.

653. **\*Maulvi Muhammad Yakub:** (a) Is it a fact that Mrs. V. Paul, formerly a lady ticket collector at Hardawar, was discharged from service because the post of a lady ticket collector at Hardawar was abolished?

(b) Is it also a fact that Mrs. V. Paul was a senior lady ticket collector while her juniors are still in service?

(c) Is it not the general rule that when a post is abolished the most junior incumbent in that cadre is discharged and not the senior ones?

(d) Why was not this practice adopted in the case of the abolition of lady ticket collector's post at Hardawar?

(e) Do Government propose to direct the Divisional Superintendent, East Indian Railway, at Moradabad to look into the matter?

(f) Why was the post of a lady ticket collector at Hardawar brought under reduction?

(g) Are Government aware that Hardawar is a big place of Hindu pilgrimage, where thousands of female pilgrims flock every year?

(h) Are Government prepared to consider the desirability of keeping a lady ticket collector at Hardawar?

**Mr. A. A. L. Parsons:** (a) to (d) and (f). Government have no information.

(e) No, but the attention of the Agent will be drawn to part (h) of the question.

(g) Yes.

RETENTION OF THE SERVICES OF MR. P. A. YOUNG AS AN ASSISTANT  
RUNNING SHED FOREMAN AT MORADABAD.

654. \***Maulvi Muhammad Yakub:** (a) Why were the services of Mr. P. A. Young, a night shedman at Moradabad, dispensed with before he had reached the age of 55 years?

(b) Is it a fact that the said Mr. Young was given an increase in October, 1926?

(c) Is it a fact that this Mr. Young was sent as a driver to Mesopotamia, where he served with credit from 1919 to 1921?

(d) Is it also a fact that while at Mesopotamia Mr. Young was considered fit to officiate as a Loco. Foreman?

(e) Is it also a fact that only in 1926 he was appointed as a Running Shed Foreman at Dehra Dun?

(f) Do Government propose to inquire into the matter and consider the question of retaining the services of Mr. Young as an Assistant Running Shed Foreman until he has completed his 55 years of age?

**Mr. A. A. L. Parsons:** Government have no information and do not propose to issue any orders in the matter.

FREQUENT DISMISSALS ON THE OUDH AND ROHILKHUND SECTION OF  
THE EAST INDIAN RAILWAY.

655. \***Maulvi Muhammad Yakub:** (a) Are Government aware that cases of dismissal have lately become a common practice on all the Railways generally and the Oudh and Rohilkhand Railway section of the East Indian Railway in particular where employees are discharged from service for an ordinary fault?

(b) Do Government propose to direct the Divisional Superintendents of Railways to use paragraph II with great care and caution?

**Mr. A. A. L. Parsons:** (a) No.

(b) Government have no reason to believe that any instructions are needed.

OVERWORKED ASSISTANT STATION MASTERS AND POINTSMEN ON THE  
EAST INDIAN RAILWAY.

656. \***Maulvi Muhammad Yakub:** (a) Are Government aware that an assistant station master on the Moradabad-Ghaziabad section of the East Indian Railway has to work for 12 hours continuously in the night?

(b) Are Government aware that the assistant station master's duty includes the passing of trains as well as booking of passengers and their luggage?

(c) Are Government also aware that many a pointsman on the East Indian Railway has to perform his most responsible duty continuously for 12 hours?

(d) Do Government propose to direct the Agents of Railways to make a full inquiry into the matter and take whatever action is necessary?

**Mr. A. A. L. Parsons:** Government have no information. They have, however, sent the Honourable Member's question to the Agent, East Indian Railway.

**Maulvi Muhammad Yakub:** Have the Government got any information about anything that goes on on the railways?

**Mr. A. A. L. Parsons:** A certain amount, Sir.

UTILISATION OF THE FINE FUND AT MORADABAD FOR THE UPKEEP  
AND IMPROVEMENT OF THE PRINCE OF WALES'S RAILWAY  
SCHOOL.

657. **\*Maulvi Muhammad Yakub:** (a) Is it a fact that a major portion of the fine fund at Moradabad is contributed by the Indian staff? Is it also a fact that a major portion of the fine fund is spent on concerts and dances for the enjoyment of the European and Anglo-Indian officers of the Railway?

(b) Are Government aware that the Prince of Wales's Railway School at Moradabad is in a wretched condition for want of funds and has got neither a building of its own nor an efficient staff and the teaching there is confined to a lower standard?

(c) Do Government propose to issue orders that the fines paid by the Indian staff should all be spent on this school which should be properly conducted, housed and raised to the standard of a High School in order to afford educational facilities to the children of the Indian staff?

**Mr. A. A. L. Parsons:** Government have no information. They will, however, draw the Agent's attention to the suggestions made by the Honourable Member.

PROVISION OF A REST ROOM FOR THE RELIEVING STAFF AT MORADABAD.

658. **\*Maulvi Muhammad Yakub:** (a) Are Government aware that there is no rest room for the relieving staff at Moradabad, which is a big railway junction and the headquarters of a railway division and where a large number of the relieving staff has to come on frequent occasions?

(b) Do Government propose to issue orders that a rest room be provided at an early date at Moradabad for the use of the relieving staff?

**Mr. A. A. L. Parsons:** (a) Government have no information.

(b) This is a matter which the Agent, East Indian Railway, is competent to deal with. A copy of the question and answer will be sent to him for such action as he may consider necessary.

EMPLOYMENT OF OFFICERS OF THE INDIAN ARMY IN CIVIL DEPARTMENTS.

659. **\*Lieut. Sardar Muhammad Nawaz Khan:** (a) Is it a fact that officers of the Indian Army used to be permitted, if they liked, to have themselves transferred to the Civil Service in India?

(b) Is it also a fact that officers of the Indian Army are still permitted, if they like, to have themselves transferred to the Political Service in India?

(c) If the answers to (a) and (b) are in the affirmative, are Government prepared to consider the question of permitting officers of the Indian Army, if they like, to have themselves transferred to the Civil Service in India?

(d) If the answer to (c) is in the negative, will Government state the reasons for the discontinuance of the practice mentioned in (a)?

**The Honourable Sir Alexander Muddiman:** (a) Military officers used to be recruited for civil duties in the non-regulation provinces.

(b) Officers of the Indian Army are eligible, if selected, for service in the Political Department of the Government of India.

(c) The answer is in the negative.

(d) Military officers were originally employed on civilian duties in the less settled areas, and as the methods of administration became more ordered, their recruitment was gradually diminished.

**Mr. B. Das:** May I enquire if, by allowing military officers to do civil duties in certain provinces, Government do not deprive officers of the Indian Civil Service and Provincial Civil Service of chances of enjoying the benefits of those posts?

**The Honourable Sir Alexander Muddiman:** By the number of posts occupied they undoubtedly do.

#### THE P. W. D. CODE.

660. **\*Mr. E. F. Sykes:** Referring to the answer given to part (a) iii of question No. 270 of August 31st, 1926, from whom does the P. W. D. Code derive its authority?

**The Honourable Sir Bhupendra Nath Mitra:** In part from the Secretary of State for India in Council and in part from the Government of India.

**Mr. E. F. Sykes:** Will the Honourable Member indicate how we may distinguish between those portions which derive their authority from the Secretary of State and those which derive it from the Government of India?

**The Honourable Sir Bhupendra Nath Mitra:** If I had to answer that question here, it could not be done within the limit of an answer to a question, because I would have to explain the entire position about the financial control of the Secretary of State for India in Council over expenditure chargeable to the revenues of India.

#### GRIEVANCES OF LUGGAGE PORTERS AT HOWRAH.

661. **\*Mr. N. M. Joshi:** (a) What steps, if any, have been taken by the East Indian Railway authorities to remove the grievances of Howrah station luggage porters?

(b) What is the name and rank of the officer deputed by the Agent to inquire into their grievances?

(c) Is it a fact that he has submitted his report? If so, when was the report submitted?

(d) If so, what are the recommendations made by the inquiry officer?

(e) Is it a fact that the Agent has refused to supply a copy of the report to the members of the Advisory Committee, and if so, why?

(f) Is it a fact that the Agent has refused to include the questions of payment of licence fees payable by the porters in the agenda for discussion by the Advisory Committee? And if so, why?

**The Honourable Sir Charles Innes:** (a) The matter has received the attention of the Agent, East Indian Railway, who has deputed an officer of the Railway to enquire into it.

(b) I do not know.



(c) and (d). Government are awaiting the Agent's report on the matter.

(e) and (f). The Advisory Committee have been informed by the Agent that the proposals in connection with the licences to porters at Howrah will be circulated among them for expression of opinion before anything definite is settled.

REDUCTION OF THE LICENCE FEES OF PORTERS EMPLOYED AT HOWRAH.

662. \*Mr. N. M. Joshi: (a) Is it a fact that Mr. Legge, the late Agent, East Indian Railway, recommended the reduction of the licence fees of the Howrah porters from Rs. 7 to Rs. 4 a month?

(b) What is the total number of porters paying Rs. 7 a month to Mr. Murgatroyd, the present contractor?

(c) What is the income of this contractor derived from licence fees per month?

(d) What was the last salary of Mr. Murgatroyd before he retired from the East Indian Railway?

(e) What experience has the contractor had of supervision of Indian labour before he was appointed?

**The Honourable Sir Charles Innes:** (a) The Agent called upon the late contractor to say whether the monthly fee paid by the porters could not be reduced from Rs. 7 to Rs. 5 but as already stated in answer to the previous question the whole question of the payment by these porters is under enquiry by an officer of the Railway.

(b) The number of coolies employed at Howrah in 1925 was approximately 800.

(c) It was estimated in 1923 that the net earnings of the contractor were between Rs. 1,400 and 1,500 a month. He is, however, responsible for the payment of claims for any losses caused by the coolies.

The amount of supervision exercised by the contractor has also been increased and the present earnings are not known.

(d) Rs. 530 per mensem.

(e) Government have no information.

ABOLITION OF THE SYSTEM OF FREE LABOUR RENDERED BY LUGGAGE PORTERS AT HOWRAH.

663. \*Mr. N. M. Joshi: (a) Is it a fact that the licensed luggage porters at Howrah carried out the work of loading and unloading booked luggage and parcels and conveying them between the train and the various offices free of charge for several years?

(b) When was this *begari* or free labour system sanctioned by the East Indian Railway authorities?

(c) Is it a fact that the contractor cancelled the licence of any porter refusing to render *begari*?

**The Honourable Sir Charles Innes:** (a) and (b). The arrangements made in April 1921 between the East Indian Railway and the Coolie Contractor

included a condition that the contractor should supply free of charge a certain number of coolies to load and unload luggage and parcels in and from trains and offices.

(c) The information is not available; but the Agent has issued instructions that the *begar* system shall be abolished.

#### EXTENSION OF THE FARIDPUR CHARMAGURIA RAILWAY TO BARISAL.

664. \***Haji Ohaudhury Mohammad Ismail Khan:** (a) Is it a fact that the Government of Bengal urgently requested to extend the proposed railway project Faridpur Charmaguria up to Barisal?

(b) Is it a fact that the Railway Board promised to have this project investigated in the cold weather of 1926-27?

(c) Will Government be pleased to state whether the actual investigation of the Barisal extension has been commenced? If so, when was it commenced and when is it likely to end?

(d) Do Government propose to place the report of the investigation before the Standing Finance Committee for Railways, and if so, when?

**Mr. A. A. L. Parsons:** (a), (b) and (c). At the request of the Government of Bengal a traffic survey of the Charmaguria-Barisal section has recently been carried out and the results are awaited.

(d) If on consideration of the traffic report and the estimate of the cost of constructing the line, Government come to the conclusion that it is desirable to build the line, the proposal to do so will be referred to the Standing Finance Committee for Railways.

#### NUMBER OF PASSENGERS OF THE DIFFERENT CLASSES CARRIED ON THE PRINCIPAL RAILWAYS DURING THE FIRST EIGHT MONTHS OF 1926-27.

665. \***Haji Ohaudhury Mohammad Ismail Khan:** (a) Will Government be pleased to state the total number of first and second class passengers carried during 1926-27 up to whatever month available in each of the Railways in India?

(b) Will Government be pleased to state the total number of third and intermediate class passengers for the same period and for the same Railways?

**Mr. A. A. L. Parsons:** A statement showing the number of first, second, intermediate and third class passengers carried on the principal railway systems during the first 8 months of 1926-27 has been sent to the Honourable Member.

#### FINANCIAL EFFECT OF THE LAST REDUCTION OF RAILWAY FARES.

666. \***Haji Ohaudhury Mohammad Ismail Khan:** Will Government be pleased to state the financial effect of the last reduction of railway fares on the earnings from the first and second class passenger traffic and that of the third class passenger traffic showing a total increase or decrease in the earnings of Railways from those classes of traffic before that reduction?

**Mr. A. A. L. Parsons:** The result of the reductions by classes is not known but a statement showing the total number of passengers carried and

the passenger earnings on class I Railways for the period April to November 1926 as compared with the corresponding period in 1925 has been sent to the Honourable Member.

ESTIMATED LOSS ON ACCOUNT OF THE REDUCTION OF RAILWAY FARES.

667. **\*Haji Chaudhury Mohammad Ismail Khan:** Will Government be pleased to state the anticipated loss or profit on the earnings from the first and second class passenger traffic and that of the third and intermediate class passenger traffic by the recent reduction of railway fares in February, 1927?

**Mr. A. A. L. Parsons:** The estimated loss for the year 1927-28, on account of the reduction of fares is Rs. 54 lakhs on the East Indian Railway and 13½ lakhs on the North Western Railway compared with the earnings of the year 1925-26. The estimated figures by classes are not available.

CONTRIBUTION BY THE P. AND O. COMPANY TOWARDS THE NEW BOMBAY-HOWRAH SPECIAL.

668. **\*Mr. B. Das:** (a) Will Government be pleased to state if it is a fact that the monogram of the P. and O. Company appears on the bogies of the new Bombay-Howrah special running in connection with the P. and O. Mail?

(b) If the answer to (a) be in the affirmative, will Government be pleased to state if the P. and O. Company has made any contribution towards the construction of the bogies composing this new special?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) The P. and O. Company have not made any direct contribution towards the cost of the construction of two Imperial mail trains, but they have agreed to guarantee 20 fares per round trip during the five months of the slack season (May to September). This guarantee is for minimum period of five years.

**Mr. A. Rangaswami Iyengar:** May I know how the question of the monogram is connected with the question of the guarantee?

**Mr. A. A. L. Parsons:** I do not suppose there is any direct connection.

PURCHASE OF LOCOMOTIVES.

669. **\*Mr. B. Das:** With regard to the following remark will Government be pleased to state what was the number, the price and name of the firm from whom the purchases were made?

"During 1925-26 as in the previous year, a large number of condemned engines of low tractive effort were replaced by modern engines of higher tractive effort."

**Mr. A. A. L. Parsons:** The information is being obtained and on receipt it will be furnished to the Honourable Member.

PURCHASE OF GOODS WAGONS.

670. **\*Mr. B. Das:** (a) Will Government be pleased to state how many of the goods wagons amounting in all to 17,143, which were on order at the end of the year 1925-26, have been delivered?

(b) How many of these were on order in India and how many in England?

(c) What is the balance still pending?

NUMBER OF WAGONS PLACED ON THE LINE IN EACH YEAR FROM  
1919-20.

671. **\*Mr. B. Das:** (a) Is it true that 10,215 wagons were placed on the line during the year 1925-26?

(b) Will Government be pleased to state the figure of goods stock (wagons) placed on the line each year from 1919-20?

WAGON REQUIREMENTS OF STATE RAILWAYS.

672. **\*Mr. B. Das:** (a) Did the Chief Commissioner for Railways, giving evidence before the Tariff Board in 1923 with regard to the wagon requirements of railways owned by the State, make the following statement?

"We think that the annual renewals on a basis of about 40 years' life will be about 3,750. Additions will be about the same figure. So, 7,500 is what we anticipate we shall be wanting in five years' time."

(b) Will Government be pleased to state in which year from now they expect to make purchases on this basis?

(c) Was this a miscalculation, or does this represent the correct position?

NUMBER OF WAGONS PURCHASED FOR STATE RAILWAYS SINCE MARCH  
1923.

673. **\*Mr. B. Das:** (a) Will Government be pleased to state whether the following statement was made by the Chief Commissioner for Railways before the Tariff Board in 1923?

"The State Railways on the whole are rather overstocked at present."

(b) Notwithstanding this how many wagons have been purchased either for renewals or for additions in State Railways since March 1923?

(c) How many of these have been ordered from sources outside India?

**Mr. A. A. L. Parsons:** With your permission, Sir, I propose to answer questions Nos. 670 to 673 together. I have not been able to collect the information for which the Honourable Member asks in time to give it on the floor of the House to-day, for the reason that we have not in the Railway Board's office details of the orders placed by Company-managed Railways; and I am doubtful if we shall be able to collect it before the House rises this session. I will, however, have it collected as early as possible, will forward the information to the Honourable Member as soon as it is ready, and will also lay a statement on the table of the House at the earliest possible opportunity after the information has been collected.

MANUFACTURE OF WAGONS AND LOCOMOTIVES IN THE BOMBAY, BARODA  
AND CENTRAL INDIA RAILWAY WORKSHOP AT AJMER.

674. **\*Mr. B. Das:** Will Government be pleased to state:

(a) Whether the Bombay, Baroda and Central India Railway workshop at Ajmer has manufactured (i) wagons and (ii) locomotives?

- (b) What was the output for each of the last ten years?
- (c) What was the average price of each year's output for wagons and locomotives and was the price cheaper than the price at which purchases could be made?
- (d) Is it the Government's intention to continue such manufacture in the shop?

**Mr. A. A. L. Parsons:** (a) Yes.

(b), (c) and (d). Government have not got the information for which the Honourable Member asks; but I may mention that the system of accounts maintained by the Bombay, Baroda and Central India Railway workshops, and the cost of manufacture, are being investigated by Sir Arthur Dickinson's Committee, and the question whether manufacture should be continued will no doubt be considered by the Railway Administration on the receipt of that Committee's report.

#### RUNNING OF CERTAIN TRAINS BETWEEN PATNA AND BHAGALPUR.

675. **\*Raja Raghunandan Prasad Singh:** Has the attention of Government been drawn to the *Express* (Patna) of the 29th January last publishing a letter addressed by the leading barristers and vakils of the Patna High Court headed by Sir Ali Imam to the Divisional Superintendent, East Indian Railway, Dinapur, urging the re-running of the trains which till recently left Patna and Bhagalpur at 11 P.M. arriving at Bhagalpur and Patna next morning at 7-30 A.M. and 6-60 A.M. respectively? Do Government propose to give necessary directions for the removal of the said grievance soon?

**Mr. A. A. L. Parsons:** Government have not seen the letter referred to. The Honourable Member is referred to the answer given to questions Nos. 281 and 282 asked by Kumar Ganganand Sinha on the 7th February 1927.

#### THE BAUNSI-NAYA DUMKA-SAINTHIA RAILWAY PROJECT.

676. **\*Raja Raghunandan Prasad Singh:** Do Government propose to extend the Bhagalpur-Baunsi Branch line to New Dumka (Santhal Parganas) or to connect the latter with the Loop Line at any station thereon that may be found convenient for the purpose?

**Mr. A. A. L. Parsons:** The Baunsi-Naya Dumka-Sainthia project is being investigated by the East Indian Railway Administration along with certain other connections in the area. If as a result of this investigation these lines are found to be remunerative, their construction will be taken in hand.

#### RATES CHARGED BY RAILWAYS ON KHADDAR, INDIAN MILL-MADE CLOTH AND FOREIGN PIECEGOODS.

677. **\*Raja Raghunandan Prasad Singh:** (a) What is the transport rate on *khaddar* and what on Indian mill-made cloth and foreign piecegoods?

(b) Is it a fact that the transport rate on *khaddar* has been increased 147 per cent. during the last 5 years, whereas that on Indian mill-made cloth and foreign piecegoods remain the same as before?

(c) If the answer to (b) be in the affirmative, will Government be pleased to indicate the ground for such distinction made by the Railway Board?

**Mr. A. A. L. Parsons:** (a) The maximum general permissible rates on *khaddar*, Indian mill-made cloth and foreign piecegoods are the same and are as follows:

[illegible]

(c) Does not arise.

APPOINTMENTS FOR QUALIFIED CANDIDATES OF THE LATE STAFF SELECTION BOARD.

(b) Is it a fact that some of the men who passed the Board's examination as outsiders in the year 1920 or so, still remain unprovided for, or are holding either temporary appointments in the same division for which they qualified or remain confirmed in the lower division, whilst those who passed the test in subsequent years have since been confirmed in the upper or the lower division as the case may be?

**Mr. J. M. Dunnett:** (a) A statement is being forwarded to the Honourable Member.

(b) Of the 136 outside candidates who qualified for the upper division in 1920, 36 have been provided with permanent posts in the upper division; of the remainder, 81 have dropped out for various reasons, many of them having become over age, and 19 are known to be occupying temporary or

permanent posts outside the upper division in the Central or Provincial Governments' Secretariats. There has been no upper division test for outsiders since 1920. Out of the 198 candidates for the lower division who qualified 96 have received posts. First appointments are as a rule offered according to date of qualification, but confirmation rests with the Department concerned. Information as to the number of departmental candidates who have passed the upper division test and have so far not been promoted to upper division appointments is not readily available but will be collected and supplied to the Honourable Member in due course if he so desires.

(c) No, the matter must continue to be regulated by the Heads of Departments and offices concerned, and the Public Service Commission.

**Mr. B. Das:** May I enquire why the Staff Selection Board and the Public Service Commission do not recruit staff for the lower division and upper division of the Railway Board establishment?

**Mr. J. M. Dunnett:** That question should be addressed to the Member in charge of the Railway Department within whose cognizance it is.

**Mr. B. Das:** May I enquire why the Railway Board undertakes special recruitment of their staff in the lower and upper grades and why the Staff Selection Board and the Public Service Commission do not recruit them?

**Mr. A. A. L. Parsons:** Will the Honourable Member put a question down?

#### SAFEGUARDING OF THE INTERESTS OF QUALIFIED CANDIDATES OF THE LATE STAFF SELECTION BOARD.

679. **\*Mr. Gaya Prasad Singh:** (a) Is it a fact that the Public Service Commission have held the recent examination in spite of the fact that in almost every department there is already a number of passed men awaiting promotion or confirmation? If so, will Government kindly state if the number of vacancies likely to occur during the next financial year is expected to be so large as to provide for the present passed men as also to provide scope for an additional number of men who may be declared fit?

(b) What action do Government propose to take to safeguard the interests of the present passed men, so that they should have prior claims for promotion or confirmation as compared with the men who now happen to pass the recent examinations?

**Mr. J. M. Dunnett:** (a) Before the decision to hold the examination in 1926 was taken a careful estimate was made of the number of outside candidates who must be declared qualified in order that the Public Service Commission might meet the demands of the Departments for staff in the ensuing year. Owing to the fact that many of the vacancies are temporary and for various other reasons, many of the departmental candidates, who are serving in a lower grade than that for which they have qualified, are not effective candidates for vacancies which occur and it was necessary to pay regard to this fact in making the estimate.

(b) Government are satisfied that the legitimate interests of the existing passed men will not be overlooked by the heads of the Departments concerned.

### APPOINTMENTS IN CERTAIN DEPARTMENTS UNDER THE GOVERNMENT OF INDIA.

680. **\*Sir Purshotamdas Thakurdas:** 1. Will Government be pleased to give a complete list of appointments in the Posts and Telegraphs, Income-tax, Northern India Salt Revenue, and Cantonment Departments which fall under (a) rule 6 and (b) rule 7 of the Public Service Commission (Functions) Rules?

2. Will Government be pleased to explain the reasons for deciding that the appointments in these Departments in part 1 above, which are covered by Rule 7, may be filled without consulting the Commission?

3. Will Government be pleased to state, why, in the case of selection appointments the reference of a memorial by the Governor General in Council to the Commission is made optional in rule 12 instead of obligatory?

**The Honourable Sir Alexander Muddiman:** (1) I will make enquiries of the Departments concerned, and will furnish the Honourable Member, if possible, with the list asked for.

(2) Where an officer has already been selected to hold His Majesty's commission or to be a member of an All-India Service or of a Central Service, Class I, and his capabilities have been further tested by experience, it is not thought necessary to consult the Commission again as to his fitness.

(3) Memorials include representations of every kind, and will in many cases relate to matters which cannot usefully be referred to the Commission. As regards the particular type of memorial referred to by the Honourable Member, namely, protests against non-selection for a selection appointment, non-selection is not a disciplinary measure. The authority responsible for administration is in the best position to pronounce on the relative merits of officers already in service, and it must be left to such authority to decide whether the Commission's advice is required.

**Sir Purshotamdas Thakurdas:** Do the same rules apply to petitions to be forwarded to the Secretary of State?

**The Honourable Sir Alexander Muddiman:** I am not very familiar with the petition rules. If the Honourable Member will put a question down, I shall be able to give him a correct answer.

### NET EARNINGS OF THE BENGAL AND NORTH-WESTERN RAILWAY.

681. **\*Sir Purshotamdas Thakurdas:** (a) Will Government be pleased to state the net earnings of the Bengal and North-Western Railway Co., Ltd., for the year ended 30th September, 1926?

(b) What is the earning made by the Bengal and North-Western Railway Co., Ltd., in exchange, during the year ended 30th September, 1926, and what was the figure for the corresponding previous year under that head?

(c) Is it a fact that the said Railway has lately paid a dividend of 16 per cent. per annum including bonus, as against 14 per cent. per annum of the previous year?

(d) Will Government be pleased to state if they are prepared to place the agreement with this Company before the Railway Finance Committee



with a view to that Committee satisfying themselves that no effective method of reducing the earnings of this Company is feasible with a view to better service being made available to the travelling public on that line?

**Mr. A. A. L. Parsons:** (a) The net earnings of the Bengal and North-Western Railway system for the year ended 30th September, 1926, were Rs. 2,20,84,163. Of this the Company's share was Rs. 1,24,29,735.

(b) £87,847 and 82,210.

(c) Yes.

(d) No. Such an enquiry would not be within the functions of the Standing Finance Committee.

**Sir Purshotamdas Thakurdas:** Do the Government consider that a 16 per cent. dividend on railway shares is a reasonable dividend?

**Mr. A. A. L. Parsons:** If it were paid on the full capital expenditure of the railway, I think the Government of India would probably consider it very high. The position is that these dividends have only been paid in the last two years on the ordinary stock of the Bengal and North-Western Railway, the total amount of which is £3 million, or say Rs. 4 crores, whereas the capital expenditure on the Railway is over 10½ crores.

**Sir Purshotamdas Thakurdas:** How is the balance of 6 crores met then?

**Mr. A. A. L. Parsons:** I cannot give all the details, but the chief part was met by the issue of preference stock and debentures to the extent, I think, of £3 million, bearing interest at low rates of either 3½ or 4 per cent.; and part both of the debentures and the preference shares have been brought up by the Company and cancelled.

**Mr. A. Rangaswami Iyengar:** May I know whether the Government are satisfied that these huge dividends are not earned by deteriorating the administration and the services rendered to the public?

**Mr. A. A. L. Parsons:** Yes, Sir. One of the Members of the Railway Board made an inspection of the Railway recently and his report was quite favourable. I am glad also to know from my friend Mr. Gaya Prasad Singh that a good many complaints of inadequate services have been recently removed.

**Mr. Gaya Prasad Singh:** Not at all.

**Sir Purshotamdas Thakurdas:** With reference to the answer of the Honourable Member to part (d) of my question, do I take it that the Railway Board would have an objection to putting before the Railway Finance Committee a copy of the latest report of that Company, if that were called for by a member of that Committee?

**Mr. A. A. L. Parsons:** Any member of the Committee can see the agreement with the Bengal and North-Western Railway, a copy of which is in the Library. I should also be prepared to show to any member a copy of the latest report. The position, if I may explain further, is that, if there were any question of taking action in the direction suggested by the Honourable Member, the opinion we should require would not be that of the Standing Finance Committee for Railways, but of the Law Officers.

**Mr. N. M. Joshi:** May I ask, Sir, whether, in view of the fact that the Company is paying a 16 per cent. dividend, the Government of India will ask them to improve the prospects of the employees of that Company?

**Mr. A. Rangaswami Iyengar:** Am I to understand that the Government have examined this matter and satisfied themselves that the standard of efficiency of this administration is not below the standard of efficiency of other companies which are paying a much smaller dividend? Have they made inquiries as to how this huge dividend is being paid?

**Mr. A. A. L. Parsons:** As I think my answers have shown, we have obviously gone into the question of the size of the dividend. We have not made a comparison of the services rendered by this company with that rendered by other companies because comparisons of that kind are generally infructuous.

**Mr. Gaya Prasad Singh:** Will the Government be pleased to make available to this House the report to which reference has been made in course of my friend's previous reply?

**Mr. A. A. L. Parsons:** I am afraid not; it is a purely departmental document, not written in terms which would make it suitable for me to lay it on the table.

**Mr. M. S. Aney:** May I know what the Honourable Member means when he says Government have instituted no comparison between the efficiency of the services rendered by this company and the efficiency of the services rendered by other companies, when at the same time the Government maintain that inquiries made show that its condition has improved?

**Mr. A. A. L. Parsons:** I am afraid I do not quite understand my Honourable friend's question. We have not instituted a comparison between the Bengal and North-Western Railway and other companies for the reason that we do not think a comparison of that kind would serve any useful purpose; but we have satisfied ourselves that the conveniences and so on offered to travellers and to consignees of goods on the Bengal and North-Western Railway are up to the mark.

**DECISION OF THE PRIVY COUNCIL IN THE CASE OF GANESH LAL V.  
KHETRA MOHAN MAHAPATRA.**

682. **\*Sir Hari Singh Gour:** (a) Has the attention of Government been drawn to the decision of their Lordships of the Privy Council in *Ganesh Lal v. Kheta Mohan Mahapatra* reported in 31 C. W. N. 25 in which their Lordships are reported to have held that the mortgagor's liability on his personal covenant in a registered mortgage is subject to the limitation of 3 years as provided in Article 66 of the Limitation Act?

(b) Are Government aware of the stir this decision has caused in the country as noticed by 31 C. W. N. LXV in its editorial notes?

(c) Will the Government be pleased to state whether they propose to take any action to overrule the Privy Council?

**The Honourable Sir Alexander Muddiman:** (a) Government have seen the judgment to which the Honourable Member refers.

(b) They are not aware that it has caused any apprehension in the country.

(c) Government are considering what action, if any, should be taken.

**Mr. B. Das:** May I enquire if the Government of India have the statutory power to overrule the findings of the Privy Council as stated in this question?

**The Honourable Sir Alexander Muddiman:** My Honourable friend Sir Hari Singh Gour apparently thinks they have, and I do not think it is necessary to differ from him.

**Sir Hari Singh Gour:** May I beg to enquire whether the Honourable Member implies that the powers of the Central Legislature to overrule the Privy Council are doubted?

**The Honourable Sir Alexander Muddiman:** I venture for once to agree with my Honourable friend; he apparently did not hear my reply.

APPOINTMENT OF SIKHS AS ASSISTANT SECRETARIES AND SUPERINTENDENTS  
IN THE GOVERNMENT OF INDIA SECRETARIAT.

683. **\*Sardar Kartar Singh:** (a) What is the total number of Assistant Secretaries and Superintendents in the Government of India Secretariat Offices and their educational qualifications?

(b) Will Government kindly give the above information as below:

- (1) Number of Muhammadans,
- (2) Number of Gurkhas and other Hindus,
- (3) Number of Indian Christians,
- (4) Number of Sikhs?

(c) What is the proportion of each community?

(d) Do Government propose to take steps to employ Sikhs in future temporary and permanent vacancies for these posts at least for the next three years?

**The Honourable Sir Alexander Muddiman:** (a), (b) and (c). The information will be collected and supplied to the Honourable Member in due course.

(d) Government have already issued orders regarding the steps to be taken for the redress of communal inequalities in recruiting their clerical staff. Departmental promotions are however a different matter, and must continue to be regulated by merit.

INCLUSION OF THE HISTORY OF ENGLISH LITERATURE AS AN OPTIONAL  
SUBJECT FOR THE INDIAN AUDIT AND ACCOUNTS SERVICE  
EXAMINATION.

684. **\*Pandit Nilakantha Das:** (a) Is it a fact that the History of English Literature is not one of the optional subjects for the Examination held to recruit men for the Indian Audit and Accounts Service?

(b) If so, are Government prepared to consider the advisability of including the same as one of the optional papers for the said Examination?

**The Honourable Sir Basil Blackett:** The question of the revision of the schedule of subjects for the Indian Audit and Accounts Service Examination is being considered by the Public Service Commission.

### CONDITIONS OF SERVICE OF MEMBERS OF THE INDIA UNATTACHED LIST

685. **\*Mr. Gaya Prasad Singh:** (a) Will the Government be pleased to state if they have sent, or propose to send a report to the Secretary of State, on the subject of the alleged grievances as regards conditions of service of members of the India Unattached List?

(b) If so, what are these grievances, and how do the Government propose to remedy them?

**Mr. G. M. Young:** (a) and (b). Government have been corresponding with the Secretary of State for some time regarding the conditions of service of the India Unattached List—that is to say, their pay, pension and promotion. Revised rates of pension have already been promulgated. The revision of pay and of the present system of promotion are still under consideration.

### NUMBER OF SOUTH AFRICANS OR SOUTH AFRICAN FIRMS TRADING IN INDIA.

686. **\*Lala Rang Behari Lal:** (a) Will Government be pleased to state how many South Africans or South African firms, if any, are trading in India?

(b) If so, will Government be pleased to state if they have been allowed any concessions by the Government?

**Mr. A. A. L. Parsons:** (a) The Government have no information.

(b) Does not arise.

### GRANT OF MINERAL RIGHTS TO A SOUTH AFRICAN FIRM IN THE NORTH-WEST FRONTIER PROVINCE.

687. **\*Lala Rang Behari Lal:** (a) Will Government be pleased to state if any mineral rights have been granted to any South African firm in the North-West Frontier Province?

(b) If so, will Government be pleased to state the period for which the grant has been made?

**Mr. E. B. Howell:** No, Sir. The Honourable Member probably alludes to the fact that in November, 1926, Government sanctioned the transfer from Messrs. Graham and Company to the African Construction Corporation of a prospecting license for mineral oil in the Sheranni country. The African Construction Corporation is however an English Company.

### SHORT NOTICE QUESTIONS AND ANSWERS.

#### PUBLICATION OF THE REPORT OF THE SANDHURST COMMITTEE.

**Mr. M. A. Jinnah:** (a) Will the Government be pleased to inform the House when the Report of the Sandhurst Committee which concluded its work on the 4th November, 1926, is likely to be published?

(b) Will the Government state what action they propose to take regarding the recommendations made by the Sandhurst Committee in their Report which was signed on the 4th November, 1926?

(c) Do the Government propose to place their proposals in the light of the recommendations made in the Report before the House during this Session?

(d) Do Government propose to give the House an opportunity to discuss and deal with the recommendations made in the Report before the end of this Session?

(e) What step, if any, have Government taken regarding the Report and what steps do they propose to take?

**Mr. G. M. Young:** (a) As I have already indicated in my replies to previous questions on the subject, Government are unable to say at present when the Report will be published, but they hope to be able to give an indication shortly.

(b) Action upon the Committee's recommendations will be determined by His Majesty's Government and the Government of India in consultation.

(c) No, Sir, the Government of India's proposals are unlikely to be framed before the end of this Session.

(d) Full opportunity will be given for discussion when the Government of India after consultation with His Majesty's Government are in a position to inform the Assembly.

(e) Government have referred the Report to the military authorities concerned at Army Headquarters for their comments on the recommendations, and will, in due course, submit their proposals to the Secretary of State for India to whom they forwarded advance copies of the Report in January. It is not possible to say anything with regard to further action until the various authorities concerned in England and in India have been able to complete their examination of the Report.

**Sir Hari Singh Gour:** May I beg to enquire whether this House will be consulted before or after the final decision of the Government of India in consultation with the Secretary of State is reached?

**Mr. G. M. Young:** This House certainly will be consulted before a final decision by the Government of India is taken.

**Mr. M. A. Jinnah:** May I know what is the difficulty that the Government of India have in publishing this Report at once?

**Mr. G. M. Young:** Sir, I have explained that the Government of India are in correspondence with His Majesty's Secretary of State on the subject and until a decision has been reached I cannot tell my Honourable friend what the difficulty is, if any.

**Mr. M. A. Jinnah:** Do I understand, Sir, that the Secretary of State for India has not made up his mind whether the Report should be published or not although it was placed before him as far back as January?

**Mr. G. M. Young:** Sir, I have laid the facts before the House: the Honourable Member is at liberty to draw his own inferences.

**Mr. A. Rangaswami Iyengar:** May I know, Sir, whether it is the intention of the Government to publish the Report and allow the Assembly to discuss it after a decision has been taken by the Secretary of State in the matter under correspondence?

**Mr. G. M. Young** (and other Members): That question has already been answered.

**Mr. M. A. Jinnah:** I want to know what is the objection to publishing this Report at once and who is objecting to it and where is the difficulty?

**Mr. G. M. Young:** Sir, I cannot give my Honourable friend the information he is asking for.

**Sir Hari Singh Gour:** May I beg to enquire whether the Government of India have solicited the orders of the Secretary of State as regards its publication in this country and, if so, with what result?

**Mr. G. M. Young:** Sir, the Government of India are still in consultation with the Secretary of State on the subject and it is impossible for me to disclose any recommendations made by them or any other part of the consultation and discussion until they are complete.

**Mr. K. C. Roy:** Sir, do I understand that the final authority in this matter is the Secretary of State and His Majesty's Government?

**Mr. President:** In what matter?

**Mr. K. C. Roy:** Publication?

**Mr. G. M. Young:** My Honourable friend must be perfectly well aware of the constitution under which the final authority in all matters relating to India is determined.

**Mr. M. A. Jinnah:** Do I understand the Government of India cannot even publish a report without the sanction of the Secretary of State?

#### RESOLUTION *RE* RUPEE TENDERS FOR THE PURCHASE OF STORES.

**Mr. M. A. Jinnah:** Will Government be pleased to state what steps have been taken to give effect to the Resolution of the Assembly passed in the first Session of 1924 regarding the purchases of stores and all other requirements of the Government of India that in future the tenders for them should be called in India and in rupees?

**The Honourable Sir Bhupendra Nath Mitra:** Certain rules have been laid down by the Secretary of State in Council defining the classes of expenditure from central revenues which the Government of India may not sanction without the previous consent of the former authority; and one of these rules hitherto has prescribed that the previous consent of that authority was required to any expenditure on the purchase of imported stores otherwise than through the India Store Department in London except in certain specified cases. The Secretary of State has recently agreed to an amendment of the audit rule referred to, the effect of which has been to confer on the Government of India full powers in regard to central expenditure on imported stores other than military stores. The Departments of the Government of India concerned are now actively engaged in

working out the precise arrangements required for the adoption of a system of rupee purchase to the utmost possible extent, and it is hoped to introduce these arrangements in the near future.

I may add that Local Governments of Governors' provinces now possess full powers in regard to expenditure on purchase of imported stores and that it is open to them to adopt a system of rupee purchase wherever they consider this to be desirable.

**TRAINING OF SELECTED MEN FROM THE INDIAN TERRITORIAL FORCE  
AND THE UNIVERSITY TRAINING CORPS, IN CIVIL AND MILITARY  
AVIATION.**

**Dr. B. S. Moonje:** Will the Government be pleased to state:

- (a) what arrangements they have made or propose making for training selected men from the Indian Territorial Force and the University Training Corps, in the science and art of civil and military aviation; and
- (b) if no arrangements have so far been made, whether they propose to start a college in India on the lines of the Royal Air Force Cadet College, Cranwell?

**Mr. G. M. Young:** (a) Government have made no arrangements in the direction suggested, and do not propose to make any.

(b) Government do not propose to institute an Air Force Cadet College in India at present. They do not consider that the existing state of aviation in India would justify such a step.

**CIVIL AVIATION SCHOOLS IN AUSTRALIA, CANADA AND JAPAN.**

**Dr. B. S. Moonje:** Are Government aware that—

- (a) in countries like Australia and Canada within the British Empire and in Japan, military schools have already been established for teaching the science and art of aviation, such as the flying training school at Point Cook in Australia, and at Camp Booden and at Ottawa in Canada; and
- (b) that civilian students also are admitted in these schools; and
- (c) that several private light aeroplane clubs have been established in these countries; and
- (d) that the Government of the country assist these clubs in every way, such as by giving loans of De Havilland moth aeroplanes and bonuses for training of civilian pupils in these clubs, as for instance, Australia give the bonus of £20 per head; and
- (e) that the Imperial Government of Japan are enthusiastically encouraging their pupils to study the science and art of aviation both civil and military, in all its branches by granting subsidies, bonuses, prizes, scholarships, and by frequently arranging competitive flying; and
- (f) that there is an association in Japan called the Imperial Aviation Association which has been formally admitted into the International Aviation Association?

**Mr. G. M. Young:** (a) So far as Government are aware, the Honourable Member's information is correct.

(b) So far as Government are aware, this is the case in Canada and Australia, but the recent institution of civil aviation schools in Australia may make it unnecessary for civilians to be taught flying in military schools in future. I understand that in Japan most of the civilian pilots are trained in civil aviation schools.

(c) In Australia, yes; but not, so far as I know, in Canada or Japan.

(d) The Honourable Member's information is, I believe, substantially correct so far as Australia is concerned.

(e) The Government of Japan is believed to be doing a great deal to encourage aviation in that country.

(f) Government have no knowledge of such an association.

**Mr. Gaya Prasad Singh:** Have Government seen Captain Patwardhan's scheme with regard to light aeroplane clubs in India; and if so, what is the action that they propose to take?

**Mr. G. M. Young:** I understand that the Honourable Member is calling for an expression of opinion.

**Mr. Gaya Prasad Singh:** My question is what action they propose to take in connection with that scheme?

**Dr. B. S. Moonje:** Do Government propose to do all these things in India to introduce and assist civil aviation in this country?

**The Honourable Sir Bhupendra Nath Mitra:** I take it that when the Honourable Member is asking this supplementary question he is not at the present moment asking the question of which he has given me private notice, though it relates in fact to a similar subject. It is not possible for Government to take any definite action in the direction of promoting the education of air pilots until some decision has been arrived at in regard to the policy about civil aviation and until they have obtained an expert adviser to help them in connection with various matters connected with the question.

**Dr. B. S. Moonje:** Is the Honourable Member aware that in other countries these facilities were being given before a Civil Aviation Director was appointed?

**The Honourable Sir Bhupendra Nath Mitra:** I am not aware of that. My information, on the other hand, is to the contrary.

**Sir Hari Singh Gour:** May I beg to enquire what is the policy of the Government of India? These matters of detail can be worked out later. The question that Honourable Members are anxious to have a reply to is, what is the policy of the Government as regards the training of Indians in civil aviation, if they have any policy at all?

**The Honourable Sir Bhupendra Nath Mitra:** We are going to discuss this subject later on in the course of the day, and the Honourable Member is fully aware of what the policy of Government has been stated to be on the subject in the document already circulated to Members of this House.



TRAINING OF INDIANS IN AVIATION.

**Dr. B. S. Moonje:** Will Government be pleased to state:

- (a) if there are any facilities at present available in India for training Indians in the art of flying in connection with the Indian army aviation establishment subject to such conditions, if any, that the Government may think fit to impose regarding obligations of military service; and
- (b) if not, whether they propose to make such facilities?

**Mr. G. M. Young:** (a) There are no instructional facilities at present in India for training any person to fly. As my Honourable friend is aware, however, a scheme which includes the provision of such facilities is before the House.

(b) It would not be possible to arrange facilities for instruction in flying in any of the units of the Royal Air Force stationed in India. Such instruction is no part of their duties.

**Dr. B. S. Moonje:** A supplementary question, Sir. Is there any special difficulty in India that the military establishment would not be able to give instruction to civilians when such instruction is given in other countries?

**Mr. G. M. Young:** The units are small combatant units which do not include instruction as part of their duties. That is the difficulty.

**Sir Hari Singh Gour:** May I beg to enquire, in view of the fact that these units are paid for from the revenues of India, what objection is there to Government sending Indian cadets to England for instruction there?

**Mr. G. M. Young:** I would like to have notice of that question.

**Dr. B. S. Moonje:** Now that the Honourable Member knows that we require such facilities to be given, will he be prepared to make arrangements for the same?

**Mr. G. M. Young:** The Honourable Member is suggesting action.

**Mr. B. Das:** May I enquire if it is the definite military policy of the Government of India not to allow training for Indians in military aviation?

STARTING OF LIGHT AEROPLANE CLUBS IN INDIA, ETC.

**Dr. B. S. Moonje:** Will the Government be pleased to state:

- (a) if the Government will have any scheme for encouraging Indians to start such light aeroplane clubs in India; and
- (b) if the Government are prepared to take the lead in or to encourage starting an All-India association of aviation like the Imperial Aviation Association of Japan?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The question will be examined as soon as a Director of Civil Aviation has been appointed.

(b) This also must await the appointment of a civil Director: but I may mention that one such association has already been formed at Karachi.

**Sir Hari Singh Gour:** May I enquire what assistance and encouragement Government are giving to that Association?

**The Honourable Sir Bhupendra Nath Mitra:** They have not yet asked for any assistance from us.

**Sir Hari Singh Gour:** Is it a European Association?

**The Honourable Sir Bhupendra Nath Mitra:** I have no detailed information about it other than what has appeared in the papers, but I thought that it was an association composed both of Europeans and Indians.

**Dr. B. S. Moonje:** Will it be one of the duties of the Director of Civil Aviation to institute schools and colleges for teaching aviation to Indians?

**The Honourable Sir Bhupendra Nath Mitra:** It will not be his duty to institute schools. It will be his duty undoubtedly to advise the Government of India in all matters connected with civil aviation, which will include the training of Indians as air pilots and fliers.

**Dr. B. S. Moonje:** Only pilots and fliers, or is there going to be any science and theory and practice of it?

**The Honourable Sir Bhupendra Nath Mitra:** I should ask the Honourable Member to be a little patient and he will hear a good deal on the subject when I make a statement to this House in connection with the debate which is about to start.

APPOINTMENT OF A CONCILIATION BOARD OR COMMITTEE OF ENQUIRY IN CONNECTION WITH THE STRIKE ON THE BENGAL NAGPUR RAILWAY.

**Mr. V. V. Jogiah:** Will the Government be pleased to state what steps have been taken to appoint a Conciliation Board or Committee of Enquiry with a view to meet the wishes of the workers on the Bengal Nagpur Railway and bring the strike to an early close?

**The Honourable Sir Alexander Muddiman:** I have been asked by my Honourable colleague, who is detained on an important business in another place, to reply to this question of which I understand he has received short notice. Government have considered the matter and have decided that they do not see sufficient reason to intervene in either of the directions suggested by the Honourable Member.

**Mr. V. V. Jogiah:** Has the Honourable Member received a wire from the merchants of Nagpur that the Bengal Nagpur Railway strike has been causing great hardship, that the trains are running without lights, that passengers are in danger, that the Mahadev pilgrims are stranded at stations and that business and industries are paralysed and requesting that the strike be settled amicably?

**The Honourable Sir Alexander Muddiman:** No, but there is a wire which has been placed in my hands by my Honourable colleague in regard to the strike and which the House may find interesting. It is dated the 28th, and runs as follows:

"No important changes to-day stop Traffic staff at Raipur reported struck but generally speaking on sections west of Jharsuguda the numbers returning to work are larger than those going out on strike and section Bilaspur to Jharsuguda working nearly normal stop Purulia Ranchi Lohardaga virtually normal stop Khargpur workshops forty-five maistries and five hundred twenty-five men working to-day stop Twenty-one goods trains working to-day on sections adjacent to Khargpur stop Greenham arrives Khargpur Monday afternoon."

**Mr. A. Bangaswami Iyengar:** Are we to take it that the Government have decided not to take any steps to put an end to this strike?

**The Honourable Sir Alexander Muddiman:** My Honourable friend has heard the answer which I gave to the House on behalf of my Honourable colleague.

**Mr. B. Das:** May I enquire if the Honourable Member is aware of the fact that trade union officials are intimidated by the railway officials of the Bengal Nagpur Railway and are not allowed free movement on that railway?

**The Honourable Sir Alexander Muddiman:** No, I am not aware of that.

**Mr. A. Rangaswami Iyengar:** May I know, when the Honourable Member said that the Government have considered the proposal in regard to the constitution of an Arbitration Board and have decided not to constitute it, whether they have thought of any alternative suggestion in order to bring this strike to an end?

**The Honourable Sir Alexander Muddiman:** My Honourable friend has raised a question of policy which had better be raised when the Honourable Member in charge is here. I should have great hesitation in answering a question of that sort.

**Pandit Nilakantha Das:** Are the Government aware that at many important places on the Bengal Nagpur Railway the trade union office-bearers are prevented from mixing with labourers under section 144?

**The Honourable Sir Alexander Muddiman:** Under section 144? Does my Honourable friend mean prohibition of meetings under section 144?

**Pandit Nilakantha Das:** It is specially against officers of the Union?

**The Honourable Sir Alexander Muddiman:** I have a telegram on that 12 Noon. point, which the House might like to hear. It runs as follows:

"Your telegram Twenty-fourth February. Stop. Order under section 144 Criminal Procedure Code not served on leaders but generally. Stop. Order prohibits public meetings within limits of Kharagpur police station except on following conditions. First all meetings to be held between 7-30 and 11 A.M. Second twelve hours notice to be given to police authorities specifying hour, date and place of meeting. Third time date and place to be approved by police authorities. Fourth police officers to be present at meetings. Fifth responsible union official to be in charges of each meeting. Stop. Order remains in force one month from twenty second February".

**Pandit Nilakantha Das:** I was referring particularly to Jharsaguda, Adra, Chakradharpur and Mohuda.

**The Honourable Sir Alexander Muddiman:** I have no information.

**Mr. V. V. Jogiah:** Has not the Secretary of the Railway Board received a telegram from the Indian Chamber of Merchants, Calcutta, stating that much loss has been resulting to commerce by reason of goods trains being held up and great inconvenience is felt and requesting that the strike should be settled?

**The Honourable Sir Alexander Muddiman:** I have not received anything, but I can well imagine that all authorities interested in commerce and also the Government are most anxious that the strike should be settled.

**Mr. Amar Nath Dutt:** Has any request been made to the Railway Board to have goods carried from Shalimar to Burdwan as the Bengal Nagpur Railway is not taking all these goods by ordinary goods trains?

**The Honourable Sir Alexander Muddiman:** That, Sir, is a question of which I should require notice.

## UNSTARRED QUESTIONS AND ANSWERS.

### IMPROVEMENT OF THE QUARTERS FOR THE INDIAN STAFF OF THE EASTERN BENGAL RAILWAY.

118. **Mr. Amar Nath Dutt:** (a) Will Government be pleased to state if it is a fact that the Eastern Bengal Railway Indian Employees' Association in response to the Agent's invitation submitted proposals for improving the type of quarters provided for the Indian staff in the Eastern Bengal Railway?

(b) If so, will Government be pleased to state what improvement has since been made in the type of quarters in the Eastern Bengal Railway?

**Mr. A. A. L. Parsons:** (a) Government have no information.

(b) The Agent, Eastern Bengal Railway, has not recently suggested to the Railway Board any alterations in the types of quarters.

### UNSAFE CONDITION OF QUARTERS IN OCCUPATION OF THE MENIAL STAFF OF RAJABHATKHAWA, EASTERN BENGAL RAILWAY.

119. **Mr. Amar Nath Dutt:** (a) Is it a fact that quarter No. T.-7 at Rajabhatkhawa on the Eastern Bengal Railway is in a cracked condition?

(b) If so, will Government be pleased to state why the traffic menial staff are forced to occupy the same at the risk of their lives?

(c) Do the Government propose to take any steps against the officers responsible for issuing such order?

**Mr. A. A. L. Parsons:** (a) and (b). Government have no information.

(c) This is a matter for the local railway authorities to decide.

### MEDICAL CERTIFICATES OF EMPLOYEES IN THE EASTERN BENGAL RAILWAY.

120. **Mr. Amar Nath Dutt:** (a) Will Government be pleased to state if it is a fact that medical certificates for unfitness either granted or countersigned by District Civil Surgeons are to be accepted as per circular No. 39 of 1925, paragraph 5 of the Agent's General Manual of the Eastern Bengal Railway?

(b) If so, will Government be pleased to state why the District Medical Officer, Saidpur, Eastern Bengal Railway, has refused to countersign such certificates in contravention of the rules mentioned above?

(c) Are Government aware that the District Medical Officer, Saidpur, also refuses to countersign medical certificates granted by registered medical practitioners of M.B. or L.M.S. degree?

(d) If so, why?

**Mr. A. A. L. Parsons:** Government have no information. They will, however, send a copy of the Honourable Member's question to the Agent, Eastern Bengal Railway.

### SANCTION OF STREET LIGHTS FOR THE EUROPEAN COLONY OF PARBATIPUR, EASTERN BENGAL RAILWAY.

121. **Mr. Amar Nath Dutt:** (a) Will Government be pleased to state if street light has been sanctioned for the European colony of Parbatipur, Eastern Bengal Railway?

(b) If so, will Government be pleased to state if they are going to extend the same privileges to the Indian staff?

(c) If not, why not?

**Mr. A. A. L. Parsons:** (a) Government have no information.

(b) and (c). It is a matter for the local railway authorities to consider.

#### REAPPOINTMENT OF MESSRS. MATHEWS AND MACQUIRE, INSOLVENTS, BY THE EASTERN BENGAL RAILWAY.

122. **Mr. Amar Nath Dutt:** (a) Is it a fact that Mr. Mathews took insolvency in the Court and resigned the post of Head Travelling Ticket Inspector of the Eastern Bengal Railway?

(b) If so, will Government be pleased to state how he is again appointed as a Superintendent of Travelling Ticket Inspectors after a few months?

(c) Will Government also please state if a person taking insolvency or incurring private debt can as a rule be appointed in the Government service?

(d) If so, will Government be pleased to state why Mr. Macquire, fitter-in-charge of Lalmanirhat locomotive shed, Eastern Bengal Railway, was removed from service on the ground of incurring debt?

(e) If not, will Government be pleased to state how Mr. Mathews is again appointed in the Eastern Bengal Railway?

**Mr. A. A. L. Parsons:** Government have no information, but are making enquiries.

#### COMPLAINTS AGAINST TRAVELLING TICKET CHECKERS OF THE EASTERN BENGAL RAILWAY.

123. **Mr. Amar Nath Dutt:** Will Government be pleased to place on the table a statement showing the number of complaints lodged or recorded against the Travelling Ticket Checkers employed in the Eastern Bengal Railway for collecting fares from passengers and not granting receipts to them with dates of recording complaints and dates of holding enquiry and the steps taken in each case?

**Mr. A. A. L. Parsons:** The information asked for by the Honourable Member is not available as this is a matter within the competence of the local railway authorities to deal with.

#### EXPENDITURE ON THE HOUSING OF EUROPEAN, ANGLO-INDIAN AND INDIAN STAFF OF THE TRAFFIC DEPARTMENT, EASTERN BENGAL RAILWAY.

124. **Mr. Amar Nath Dutt:** (a) Will Government be pleased to place on the table a statement showing the number of Anglo-Indian and European and Indian staff employed in the Eastern Bengal Railway Traffic Department and showing separately Anglo-Indian, European and Indian staff provided with quarters?

(b) Will Government be pleased to state what amount is spent for housing in the year 1926-27 for each class of employee?

**Mr. A. A. L. Parsons:** (a) The information is not available in the detail required by the Honourable Member.

(b) Ordinarily quarters are not built specially for Europeans, Anglo-Indians or Indians, but merely for classes of employees irrespective of race. A sum of Rs. 8,94,000 was provided in the Eastern Bengal Railway programme for 1926-27 for the construction of quarters.

RECRUITMENT OF EUROPEANS, ANGLO-INDIANS AND INDIANS IN THE TRAFFIC DEPARTMENT OF THE EASTERN BENGAL RAILWAY.

125. **Mr. Amar Nath Dutt:** (a) Are Government aware that the Eastern Bengal Railway Traffic Department has appointed a Selection Board?

(b) If so, will Government be pleased to state how many Indians, Anglo-Indians and Europeans have been recruited in the year 1926-27 above Rs. 100?

(c) Is the percentage of Anglo-Indians and Europeans much greater than Indians? If so, why?

**Mr. A. A. L. Parsons:** Government have no information.

LEAVE RULES OF THE GREAT INDIAN PENINSULA RAILWAY.

126. **Pandit Hirday Nath Kunzru:** (a) Is it a fact that on the Great Indian Peninsula Railway the classification of employees for purposes of leave and other facilities is not according to the grade of salary, but according to their race, i.e., according as they are Indians, Anglo-Indians or Europeans?

(b) Is it true that an employee belonging to the last two sections mentioned above gets more leave and better facilities though drawing less salary, than an Indian employee though occupying a higher position?

(c) Does this system exist in any other Railway, whether State or Company-managed?

(d) What steps do Government propose to take to have this system discontinued?

**Mr. A. A. L. Parsons:** (a) and (b). It is a fact that in the leave rules of the Great Indian Peninsula Railway a distinction is made between European and non-European subordinates and that the leave rules for Europeans are more liberal than those for non-Europeans. These, however, apply to employees who were transferred from the late Great Indian Peninsula Railway Company. The leave of all those appointed after the railway was taken over by Government is regulated under the leave rules applicable to State Railway employees. The leave rules for officers, whether European, Anglo-Indian or Indian, are the same.

(c) There is such a distinction made on the East Indian Railway and on some Company-worked Railways.

(d) As regards the East Indian and Great Indian Peninsula Railways, the question of revising the leave rules applicable to all State railway servants is, at present, under consideration. The Bombay, Baroda and Central India and South Indian Railways have also taken up the question of revising their leave rules.

## TOTAL AUTHORISED STOCK OF LOCOMOTIVES ON THE STATE RAILWAYS.

127. **Pandit Hirday Nath Kunzru:** (a) Will Government be pleased to state what is the total authorised stock of locomotives on the State Railways?

(b) What is the actual stock?

(c) What is the average life of a locomotive?

(d) On this basis how many new locomotives will have to be added every year?

(e) What is the total number of locomotives added during the last six years?

**Mr. A. A. L. Parsons:** I understand that the Honourable Member's question refers to the State-managed lines only.

(a) 4,675 and 212 for the broad and metre gauges, respectively.

(b) 4,687 and 235 for the broad and metre gauges respectively.

(c) The normal life of a locomotive as fixed by the Depreciation Committee is 35 years.

(d) The number due for renewal in each of the next ten years on the assumption that every locomotive is scrapped after exactly 35 years' life is:

	Broad Gauge.	Metre Gauge.
1927-28 . . . . .	<i>Nil.</i>	5
1928-29 . . . . .	15	<i>Nil.</i>
1929-30 . . . . .	13	<i>Nil.</i>
1930-31 . . . . .	33	2
1931-32 . . . . .	8	<i>Nil.</i>
1932-33 . . . . .	91	<i>Nil.</i>
1933-34 . . . . .	38	<i>Nil.</i>
1934-35 . . . . .	131	13
1935-36 . . . . .	Not available.	
1936-37 . . . . .	123	7

But the Honourable Member will recognise that 35 years is merely a figure of assumed normal life, and that it does not follow that every locomotive will either last so long, or not last longer. The replacement of each locomotive is considered separately with regard to its condition and suitability to deal economically with the traffic offering under varying conditions.

(e) 373 and 27 for the broad and metre gauges respectively.

## NUMBER OF WAGONS ON STATE RAILWAYS.

128. **Pandit Hirday Nath Kunzru:** (a) Will Government be pleased to state how many wagons there are in all State Railways in terms of four-wheeled wagons and how many were added during each of the last six years?

(b) What is the average life of a wagon?

(c) On this basis what normal addition will have to be made to the stock annually?

**Mr. A. A. L. Parsons:** I would invite the Honourable Member's attention to the reply given to-day to Mr. B. Das's starred questions Nos. 670 to 673. I will also obtain and communicate to the Honourable Member the information for which he asks in this question.

#### NUMBER OF MEN EMPLOYED IN RAILWAY WORKSHOPS.

129. **Pandit Hirday Nath Kunzru:** (a) Will Government be pleased to state whether they have seen the note by Sir Vincent Raven, which says "that the number of men employed and the size of the shops in India are very much in excess of those in England"?

(b) What steps have they taken to remedy this evil in so far as it increases the cost of repairs?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) The Honourable Member is referred to paragraphs 38 and 39 of the Chief Commissioner's speech in presenting the Railway Budget for 1927-28 in the Council of State wherein is mentioned the steps that are being taken to reduce the cost of repairs to rolling stock.

#### BOOK VALUE AND PRESENT VALUE OF THE STATE RAILWAY WORKSHOPS.

130. **Pandit Hirday Nath Kunzru:** Will Government be pleased to state:

- (a) whether they accept the estimates of the book value and present value of the State Railway workshops mentioned in Chapter I, paragraphs 11 and 12 of the Raven Committee's Report, and
- (b) whether the reserve fund will be used to write the capital down from 4 crores to 2 crores in view of the depreciation pointed out by the Committee?

**Mr. A. A. L. Parsons:** (a) Government have not attempted to verify the correctness of the detailed figures of book value referred to by the Honourable Member as they are presented in a form which differs from the published accounts. It is understood that the information was obtained from the books maintained by railway administrations and Government have no reason to believe that they are otherwise than correct.

(b) No; the estimated present value merely represents the difference between the original value and the depreciation calculated on a life basis, and the cost of replacement will, in the same manner as for all other wasting assets of the railway, be borne by the Depreciation Fund which has been established for the purpose.

#### APPOINTMENT OF A MECHANICAL ENGINEER-IN-CHIEF.

131. **Pandit Hirday Nath Kunzru:** Will Government be pleased to state whether the Mechanical Engineer-in-Chief suggested by Sir Vincent Raven has been appointed or is intended to be appointed?

**Mr. A. A. L. Parsons:** Government consider it desirable that the mechanical workshops should remain under the control of the Agents of individual administrations and do not at present intend to appoint a Mechanical Engineer-in-Chief as suggested by Sir Vincent Raven.



**OFFICERS IN THE INCOME-TAX DEPARTMENT IN THE BOMBAY PRESIDENCY.**

132. **Mr. N. C. Kelkar:** Will Government lay on the table a statement in the following form relating to the officers in the Income-tax Department in the Bombay Presidency, according to seniority in pay in January, 1927?

No. 1.	No. 2.	No. 3.	No. 4.	No. 5.	No. 6.
Name.	Qualification.	Total length of service in the Dept.	Year of first recruitment in the Dept.	Starting pay when recruited.	Present pay and allowances, if any.

**The Honourable Sir Basil Blackett:** The information is being collected and will be furnished to the Honourable Member in due course.

**PAY OF THE COMMISSIONER AND ASSISTANT COMMISSIONER OF INCOME-TAX, BOMBAY.**

133. **Mr. N. C. Kelkar:** (a) What is the pay of the Bombay Income-tax Commissioner and the first Assistant Income-tax Commissioner?

(b) Is it a fact that the Income-tax Commissioner has full power to make an appointment to the post of even the first Assistant Commissioner?

**The Honourable Sir Basil Blackett:** (a) The pay of the present Commissioner of Income-tax, Bombay, is Rs. 3,000. The sanctioned scale is Rs. 2,000—100—2,500. That of the Assistant Commissioner, Bombay, to whom the Honourable Member apparently refers, is at present Rs. 2,500. The sanctioned scale for this post is Rs. 1,500—100—2,000.

(b) The attention of the Honourable Member is invited to section 5 (4) of the Indian Income-tax Act (XI of 1922). The control therein referred to is exercised through the Local Government, whose approval is necessary, under an executive delegation of power, to the appointment of an Assistant Commissioner of Income-tax. In future the Public Services Commission will make recommendations in regard to such appointments in certain cases, in accordance with Rule 6 of the Public Services Commission Functions Rules, 1926. It is within the Commissioner's powers to promote an Assistant Commissioner to the post of Assistant Commissioner, Bombay.

**THE SUBORDINATE ACCOUNTS SERVICE EXAMINATION.**

134. **Mr. N. C. Kelkar:** With reference to the answer to unstarred question No. 24 on 18th August, 1926, will the Government of India please say whether the assurance given by the Honourable Sir Basil Blackett that shortage up to three months in the minimum period of service, *vis.*, 5 years for graduates and 7 years for others, required for eligibility for appearing for the Subordinate Accounts Service Examination, might be

allowed in deserving cases, has been communicated to the Military Accountant General and Controllers of Military Accounts? Who is the authority empowered to condone such shortage of service?

**The Honourable Sir Basil Blackett:** (a) The practice is well known in the Department and no special instructions in the matter are considered necessary.

(b) The Government is the sanctioning authority.

**WITHDRAWAL OF THE PERSONAL (DEPUTATION) ALLOWANCE OF ACCOUNTANTS AND CLERKS OF THE OFFICE OF THE FIELD CONTROLLER OF MILITARY ACCOUNTS, POONA.**

**185. Mr. N. C. Kelkar:** (a) Will the Government of India please state the specific reasons for stopping from 1st November, 1926, the personal (deputation) allowance which the accountants and clerks of the Office of the Field Controller of Military Accounts were in receipt of since 1st April, 1920, and the continuance of which until the men's transfer to their permanent offices, was definitely promised by Government?

(b) What is the total amount that was spent monthly prior to 1st November, 1925, in granting this personal (deputation) allowance?

(c) What is the total amount that would be required now if payment of the allowance be resumed?

(d) In what respects have the accountants and clerks of the Field Controller's Office attained greater pecuniary benefits owing to the introduction of the second time scale of pay, which, taken into consideration, have induced Government to withdraw the personal allowance?

**The Honourable Sir Basil Blackett:** (a) I would refer the Honourable Member to the answer already given to the late Dr. Lohokare's unstarred question No. 116 of February, 1926, on the same point.

(b) and (c). Rs. 441 per mensem.

(d) The deputation allowance in question was withdrawn not because the revised rates of pay conferred any greater benefits on the accountants and clerks of the Field Controller of Military Accounts Office, Poona, as compared with others, but because the Government of India considered it anomalous to view a particular class of men as on deputation to an office for several years and to allow them to draw for an indefinite period, a temporary allowance for which there was no longer justification.

**WITHDRAWAL OF THE PERSONAL (DEPUTATION) ALLOWANCE OF ACCOUNTANTS AND CLERKS OF THE OFFICE OF THE FIELD CONTROLLER OF MILITARY ACCOUNTS, POONA.**

**186. Mr. N. C. Kelkar:** Is it not a fact that:

(a) clerks and accountants withdrawn from Headquarters for duty in local Audit Offices, Arsensals, Supply Depôts, Regiments and other military formations get duty allowance?

(b) Accountants and clerks attached to the Field Controller's Office are away from their Headquarters for years together, and have to travel three to four miles daily to attend office, but have been deprived of any deputation or duty allowance even though their colleagues serving with various units in Poona draw duty allowance?

- (c) Is it a fact that the personal (deputation) allowance which the accountants and clerks of the Field Controller's Office were in receipt of on 31st October, 1925, was discontinued because the office was likely to be closed soon?
- (d) Is it a fact that the office still exists and that its closure has not yet been decided upon? If so, do Government propose to resume payment of the allowance?

**The Honourable Sir Basil Blackett:** (a) The reply is in the affirmative.

(b) The accountants and clerks of the Field Controller of Military Accounts Office have been serving at Poona, which is their Headquarters station, and their cases bear therefore no comparison with those of the accountants and clerks referred to in part (a) of the question. The position of the accountants and clerks of the Field Controller of Military Accounts Office, Poona, is identical with that of the corresponding classes of men employed in the Headquarters Office of the Controller of Military Accounts, Southern Command and Poona and Bombay Districts, who are not in receipt of any duty or other allowances.

(c) The reply is in the negative.

(d) The office of the Field Controller of Military Accounts, Poona, now practically forms part of the Controller of Military Accounts, Southern Command and Poona and Bombay Districts, and is expected to be closed down altogether in the near future. The Government of India see no justification for resuming payment of the allowance in question.

#### WITHDRAWAL OR STOPPAGE OF INCREMENTS OF CLERKS AND ACCOUNTANTS IN MILITARY ACCOUNTS OFFICES.

137. **Mr. N. C. Kelkar:** Will Government state:

- (a) the number of cases in each Military Accounts Office in which increments of pay already sanctioned and which the clerks and accountants were actually in receipt of, were withdrawn or suspended between 1st January and 31st December, 1926; and
- (b) the number of cases in each Military Accounts Office in which increments due to accountants and clerks were stopped or not granted during the year ended 31st December, 1926?

**The Honourable Sir Basil Blackett:** The information has been called for and will be furnished to the Honourable Member on receipt.

#### TRANSFERS OF CLERKS AND ACCOUNTANTS OF THE MILITARY ACCOUNTS DEPARTMENT.

138. **Mr. N. C. Kelkar:** Will Government state (1) the total number of applications submitted by clerks and accountants of the Military Accounts Department during the calendar year 1926 on expiry of their maximum term of service prescribed for different localities, (2) the number of applications suppressed by Controllers, (3) the number of cases which have been rejected and (4) the total number of applications favourably considered?

**The Honourable Sir Basil Blackett:** The information is not available, and to furnish it would involve the expenditure of much time and labour.

The general policy in the Military Accounts Department is that when a transfer is applied for it should be allowed whenever the interests of the service permit.

#### REFUSAL OF PRIVILEGE LEAVE TO ACCOUNTANTS AND CLERKS IN THE MILITARY ACCOUNTS DEPARTMENT.

139. **Mr. N. O. Kelkar:** Will Government state the number of cases during the calendar year 1926, in which privilege leave to accountants and clerks in the Military Accounts Department was refused although the applicants concerned had submitted medical certificates from (1) registered medical practitioners, and (2) Government medical officers?

**The Honourable Sir Basil Blackett:** The information has been called for and will be furnished to the Honourable Member on receipt.

#### GRANT OF PRIVILEGE LEAVE TO DEPUTY ASSISTANT CONTROLLERS, ACCOUNTANTS AND CLERKS OF THE MILITARY ACCOUNTS DEPARTMENT.

140. **Mr. N. O. Kelkar:** Will the Government of India please state (1) the number of applications submitted during the calendar year 1926 by Deputy Assistant Controllers, accountants and clerks in each Military Accounts Office, for grant of privilege leave on private grounds, (2) the number of cases in which leave was refused and (3) the number of applications favourably considered?

**The Honourable Sir Basil Blackett:** The information has been called for and will be furnished to the Honourable Member on receipt.

#### FORMATION OF A CENTRAL MILITARY PENSION AUDIT OFFICE.

141. **Mr. N. O. Kelkar:** Will Government state whether the question of the formation of a Central Military Pension Audit Office has been finally decided? If so, where will the office be located?

**The Honourable Sir Basil Blackett:** The answer to the first part is in the negative. The question of making a start with the formation of a Central Military Pension Audit Office for the Northern and Eastern Commands in Lahore is at present under consideration.

#### PURCHASE OF STEEL FROM THE TATA WORKS FOR THE ELECTRIFICATION STRUCTURE WORK ON THE GREAT INDIAN PENINSULA AND BOMBAY, BARODA AND CENTRAL INDIA RAILWAYS.

142. **Mr. N. O. Kelkar:** Will Government state whether any steel from the Tata Works was purchased for the electrification structure work on the Great Indian Peninsula and Bombay, Baroda and Central India Railways? If so, to what extent?

**Mr. A. A. L. Parsons:** Not as far as Government are aware.

#### SUPPLY BY THE TATA STEEL COMPANY OF ELECTRIC POWER FOR THE ELECTRIFICATION OF PORTIONS OF THE GREAT INDIAN PENINSULA AND BOMBAY, BARODA AND CENTRAL INDIA RAILWAYS.

143. **Mr. N. O. Kelkar:** (a) Is it a fact that the Tata Steel Company were willing and prepared to supply the whole amount of electric power required for the electrification of portions of the Great Indian Peninsula

and Bombay, Baroda and Central India Railways? If the answer is in the affirmative, will Government state the reasons for not availing themselves of this ready supply of electricity?

(b) Will Government state whether they expect that the total annual cost of the Kalyan Electrical Power House will not exceed the total annual charges for the electric power supplied by the Tata Company?

(c) Is it not a fact that the electric power supply of the Tata Company is now or will shortly be derived from three different sources with generating stations a good many miles apart?

**Mr. A. A. L. Parsons:** (a) Yes. Offers for supply of electric energy for working certain sections of the Great Indian Peninsula and Bombay, Baroda and Central India Railways were received from Messrs. Tata Sons Limited and commitments were entered into with them in respect of energy for the Bombay suburban sections of the Great Indian Peninsula and Bombay, Baroda and Central India Railways and the main line of the former from Victoria Terminus to Kalyan. Government could not, however, accept Tata's offer to supply power for working the Great Indian Peninsula Railway main line from Kalyan to Igatpuri and Poona as they were not satisfied that it would be of any financial advantage or would afford the absolute security of supply or priority of supply in case of partial breakdown which is essential for these important sections.

(b) Government do not expect that the cost of power from the Kalyan Power House will exceed the cost of the same if supplied by the Tata Company.

(c) The reply is in the affirmative.

#### HOLIDAYS IN THE OFFICES UNDER THE CENTRAL GOVERNMENT IN THE PROVINCES.

144. **Mr. N. C. Kelkar:** Will Government please state the procedure in vogue, in offices under the Central Government, for grant of general, sectional or communal holidays? Are the heads of these offices empowered to declare any additional holidays which are not notified in the Local Government Gazettes? If so, to what extent?

**The Honourable Sir Alexander Muddiman:** The Honourable Member presumably refers to the offices under the administrative control of the Central Government which are situated away from their headquarters, namely, Simla and Delhi. These offices, except the Posts and Telegraph Offices which have a special list of holidays, follow the practice of the Local Government of the province in which they are situated. The heads of these offices are not empowered to grant additional holidays which are not notified by Local Governments.

#### APPOINTMENT OF MR. T. E. T. UPTON AS SOLICITOR TO THE GOVERNMENT OF INDIA.

145. **Mr. N. C. Kelkar:** Is it a fact Mr. T. E. T. Upton has been offered the post of Solicitor to the Government of India in place of Sir Robert Dunlop?

(b) If the reply is in affirmative, will Government please state the reasons for introducing an outsider? Were no suitable Indians available for the appointment?

(c) Were the claims of the two Assistant Solicitors taken into consideration for the Solicitorship?

(d) Is it a fact that the First Assistant Solicitor has been granted a solatium of Rs. 800 per mensem for being passed over for the post of Solicitor? If so, why was he passed over? If for unfitness, then will Government please explain the reasons for granting additional remuneration to an incompetent officer?

(e) Is it a fact that the services of the Second Assistant Solicitor have been dispensed with to provide the funds for the solatium of his immediate superior? If so, will Government please state the reason for doing away with the single Indian in the Solicitor's department?

**Mr. L. Graham:** (a) Yes.

(b) The Government of India decided in 1926, with the approval of the Secretary of State, that the selection of future incumbents of the post of Government Solicitor should be made from senior men with recent experience of actual practice of the profession in Bombay or Calcutta and that the tenure of the appointment should be limited to four years with a possibility of extension for one year only. This decision necessitated an appointment from outside the Solicitor's Branch. The field of selection was necessarily limited and the Government of India are satisfied that they have obtained in the person of Mr. Upton the services of the best man available. Mr. Upton retired from practice in India in 1924 at a comparatively early age when he was head of the firm of Messrs. Orr Dignam and Co., and undisputed leader of his profession in Calcutta.

(c) The decision referred to in the reply to (b) rendered the two Assistant Solicitors ineligible for the appointment.

(d) The First Assistant Solicitor, who was declared in his contract of service to be eligible for the appointment of Solicitor, has been offered a personal pay of Rs. 350 per mensem as compensation for the loss of prospects which the decision referred to in the reply to (b) involved.

(e) No. The appointment of the Second Assistant Solicitor was sanctioned on a temporary basis. The reduction of the appointment which was recommended by the Retrenchment Committee and had since been under continuous consideration had no connection whatever with the proposed award of compensation to the First Assistant Solicitor.

#### SALES OF LAND IN NEW DELHI.

146. **Mr. N. O. Kelkar:** (a) Has the attention of Government been drawn to the Notification in the newspapers issued by the Chief Commissioner, Delhi, advertising sales of land in New Delhi?

(b) Are Government prepared to encourage their servants to purchase land and build houses by granting them advances bearing the market rate of interest both in Delhi and Simla?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Government are aware of the notification issued by the Chief Commissioner.

(b) Government are prepared to consider on their merits any applications from Government servants for advances for the purposes of purchasing land and building houses in New Delhi in accordance with the ordinary rules. The land, however, must be purchased in open competition.

**ACQUISITION BY GOVERNMENT SERVANTS OF GOVERNMENT RESIDENTIAL BUILDINGS ON THE HIRE PURCHASE SYSTEM.**

**147. Mr. N. O. Kelkar:** (a) What is the cost of the supervisory staff engaged to look after the Government official and residential buildings in Simla?

(b) Are Government prepared to consider the advisability of encouraging their Secretariat staff to acquire Government residential buildings on the hire purchase system and so effect a considerable saving in supervisory charges? If not, will Government be good enough to give reasons for its attitude?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Rs. 1,78,000 has been provided in next year's Budget.

(b) It is not possible to accept the Honourable Member's suggestion. The main reasons are:

- (i) The Government-owned houses at Simla can accommodate only a portion of the staff at present employed under the Government of India.
- (ii) The sites on which suitable residences can be built are very limited.
- (iii) A large number of members of ministerial establishments have to be provided with rent-free Government quarters.
- (iv) If the suggestion contained in the question is adopted, the number of Government residences available will steadily be reduced, as the purchasers of the houses will retire from, or leave, Government service.

**CHECKING OF CHARGES FOR TRUNK CALLS MADE BY GOVERNMENT DEPARTMENTS.**

**148. Mr. N. O. Kelkar:** (a) What are the arrangements in force for checking the charges incurred for trunk calls made by Government Departments?

(b) Is it a fact that recently a number of messages obviously intended for private individuals were sent from Government Departments in December and early January and intended to be passed off as official messages?

**Sir Ganen Roy:** (a) Each trunk call is registered on a separate ticket. On this ticket are recorded the name of exchange and telephone number of both the calling and called subscriber. On completion of each call, the duration of the call is stamped on the ticket concerned. Each exchange submits its trunk tickets to the Telephone Revenue Accounting Officer concerned, who prepares and submits the necessary bills for the month to the individual or Department concerned.

(b) I have no information on the subject, but if the Honourable Member will let me have details of the cases, I shall have the matter looked into.

**FUTURE LOCATION OF THE INDIAN STORES DEPARTMENT.**

**149. Mr. N. O. Kelkar:** Have Government under consideration the question of the future location of the Indian Stores Department? If so,

are Government prepared to consider the claim of large commercial centres like Calcutta and Bombay over those of Delhi in fixing the headquarters?

**The Honourable Sir Bhupendra Nath Mitra:** The answer to the first part of the question is in the negative. The second part of the question does not therefore arise.

#### LOCATION OF THE RAILWAY BOARD IN DELHI, BOMBAY OR CALCUTTA.

150. **Mr. N. C. Kelkar:** (a) Is it a fact that Government at some time had under consideration the decentralisation of the Railway Board with the object of creating a number of railway centres to which the bulk of the present staff would be transferred? If the reply be in the affirmative, will Government state the progress made or reasons for postponement of the scheme?

(b) Have Government considered the possible location in Delhi, Bombay or Calcutta of the Railway Board with a camp touring staff for Simla and Delhi? What are their intentions in the matter?

**The Honourable Sir Charles Innes:** The reply to both parts of the question is in the negative.

#### MOVE OF THE GOVERNMENT OF INDIA BETWEEN SIMLA AND DELHI.

151. **Mr. N. C. Kelkar:** (a) What is the decision of the Government of India in the matter of the Simla-Delhi migration?

(b) Do Government intend to keep a large portion of the Government of India Secretariat and attached offices in Delhi all the year round, taking only camp offices to Simla?

**The Honourable Sir Alexander Muddiman:** (a) The Government of India have always held that they must continue to move between Simla and Delhi.

(b) No decision has yet been reached as to the arrangements which will be appropriate now that New Delhi has been occupied. The question will be taken up as soon as possible after the conclusion of the Session.

#### NEW PENSION RULES FOR THE SUBORDINATE SERVICES.

152. **Mr. N. C. Kelkar:** (a) When do Government expect to issue the new pension rules for the subordinate services?

(b) What are the reasons for holding up the matter for so long?

**The Honourable Sir Basil Blackett:** (a) and (b). A draft of the revised pension rules was submitted to the Secretary of State in 1923 but since then the position has been radically altered by the delegation to Provincial Governments of full power to frame their own pension rules for their provincial subordinate services. So far as these services are concerned, the question of revision is now a matter solely for the discretion of Local Governments. So far as establishments under the Government of India are concerned, the rules will require complete revision when the Secretary of State has delegated the necessary powers.



## PROVIDENT FUND FOR GOVERNMENT EMPLOYEES.

153. **Mr. N. C. Kelkar:** Have Government dropped the idea of the institution of a General Provident Fund in lieu of pensions for its employees? If so, for what reasons?

**The Honourable Sir Basil Blackett:** I would refer the Honourable Member to the reply which I gave on the 3rd February to Mr. Duraiswamy Aiyangar's starred question No. 91.

## SALE OF GOVERNMENT OF INDIA PUBLICATIONS AT PROVINCIAL BOOK DEPÔTS.

154. **Mr. N. C. Kelkar:** Are Government aware that Legislative Acts of the supreme Legislature and also the publications of the Government of India are not available for purchase at provincial centre Book depôts?

**The Honourable Sir Bhupendra Nath Mitra:** The answer is in the negative. Copies of important publications of the Government of India, as soon as they are issued, are sent regularly to the Book depôts of Provincial Governments for being placed on sale to the public. To keep a stock of all publications in provincial depôts would lead to waste. If provincial depôts find that there is demand for certain publications or Acts they obtain a stock of such publications from the Central Publication Branch.

## THE BOMBAY-HOWRAH OVERLAND MAIL.

155. **Mr. N. C. Kelkar:** With reference to my starred question No. 7 of the 27th January, 1927, will Government state for how many weeks the Bombay-Howrah Overland Mail train has been running, and what have been the receipts during the period?

**Mr. A. A. L. Parsons:** The train has been running weekly since the 5th November 1926.

Government are not aware of the actual receipts from the trains in question, but if the Honourable Member desires this information to be obtained from the railways concerned this will be done.

## ACCIDENTS ON RAILWAYS DUE TO THE COUPLING AND UNCOUPLING OF VEHICLES.

156. **Mr. N. C. Kelkar:** With reference to my starred question No. 12 of the 27th January, 1927, will Government state the number of accidents causing deaths or grave injuries reported as being due to the working of the present railway carrying coupling arrangements during the last five years?

**Mr. A. A. L. Parsons:** I have sent the Honourable Member a statement showing the number of persons killed or injured on all Railways during the years 1921-22 to 1925-26 by accidents which occurred in connection with the coupling and uncoupling of vehicles.

## EXPENDITURE ON ARTICLES IN COMMON USE ON RAILWAYS.

157. **Mr. N. C. Kelkar:** Will Government give a list of those articles which they treat as being articles "in common use" of railways, and the average approximate amount spent on their purchase every year?

**Mr. A. A. L. Parsons:** Government have not got the information; and, if asked for from Administrations, its compilation would involve a considerable amount of labour and expenditure, incommensurate with the value of the information obtained.

**TRANSLATIONS OF ACTS OF THE SUPREME LEGISLATURE INTO THE  
PRINCIPAL VERNACULARS.**

**158. Mr. N. C. Kelkar:** (a) With reference to my starred question No. 15, of the 27th January, 1927, will Government explain why the Government of India concerned themselves only with Urdu translations of important Acts and not with translations in other vernaculars?

(b) Are Government aware that Provincial Government Gazettes do not print either the translations or the original texts of many, or in some cases even of important Acts, of the supreme Legislature?

**Mr. L. Graham:** (a) The Government of India cannot be expected to keep a staff of translators capable of translating the Acts of this Legislature into all the Indian vernaculars. They publish Urdu translations because there is a larger demand for these than for translations in any other Indian vernacular.

(b) Government have no information to this effect, and they will be glad to receive details from the Honourable Member.

**NEW ALIGNMENT OF THE GREAT INDIAN PENINSULA RAILWAY  
BETWEEN KHANDALA AND KARJAT.**

**159. Mr. N. C. Kelkar:** With reference to my starred question No. 18 of the 27th January, 1927, will Government state whether altogether a new survey is in contemplation for a new alignment of the Great Indian Peninsula Railway line, between Khandala and Karjat, not only to eliminate the Bhor Ghat reversing station, but the whole of the present Ghat line from Khandala to some other point than Karjat?

**Mr. A. A. L. Parsons:** No. The work now in progress comprises a realignment of the existing railway between mile 74½, just below the reversing station, and Khandala, at mile 77.

**PROSCRIPTION OF BOOKS UNDER THE PRESS ACT, 1910.**

**160. Mr. N. C. Kelkar:** (a) With reference to my starred question No. 37 of the 27th January, 1927, will Government give the number of books proscribed between 1911-1912, and also the number of books proscribed since 1922, under any other Imperial Act?

(b) Will Government state the number of books proscribed in these two years by the authority and initiation not of the Provincial Governments but of the Government of India themselves?

**The Honourable Sir Alexander Muddman:** I am having the information collected and will communicate it to the Honourable Member.

## REGULATION OF THE IMPORTATION OF FOREIGN LIQUOR.

161. **Mr. N. O. Kelkar:** (a) Has the attention of the Government been drawn to the observation on the report of the Liquor Prohibition Committee appointed by the Government of Bombay to the effect that the import of foreign liquor is one of the main causes of neutralising the effect of measures by the Local Government to reduce the consumption of liquor, including imposition of high duty on the same?

(b) Are Government prepared to take suitable action to meet this difficulty of Provincial Governments, and regulate more effectively the import of foreign liquor?

**The Honourable Sir Basil Blckett:** (a) The Government have not received the report to which the Honourable Member refers and understand that it has not yet been published.

(b) The policy to which the Government of India adhere in regard to alcoholic liquors is to check intemperance while making reasonable provision for moderate use and, so far as is consistent with those objects, to raise the maximum revenue from the minimum consumption. Their action in regard to the importation of foreign liquor will continue to be determined by that policy.

NUMBER OF INDIAN, EUROPEAN AND ANGLO-INDIAN GUARDS AND  
DRIVERS EMPLOYED ON THE BOMBAY, BARODA AND CENTRAL  
INDIA, GREAT INDIAN PENINSULA, EAST INDIAN  
AND NORTH WESTERN RAILWAYS.

162. **Mr. N. O. Kelkar:** Will Government obtain and place on the table a statement showing the number of Indian guards and drivers, and European and Anglo-Indian drivers and guards now in the service of the Bombay, Baroda and Central India, Great Indian Peninsula, East Indian and North Western Railways?

**Mr. A. A. L. Parsons:** Government have no information and they do not consider that any useful purpose will be served in calling for it.

PUBLICATION OF CERTAIN CORRESPONDENCE BETWEEN THE GOVERNMENT  
OF INDIA AND THE TATA IRON AND STEEL COMPANY.

163. **Mr. N. O. Kelkar:** With reference to my starred question No. 29 of the 27th January, 1927, will Government place on the table the correspondence between them and the Tata Steel Company?

**The Honourable Sir Charles Innes:** The letters exchanged had reference to other matters besides the utilisation of the Tata Iron and Steel Company's profits and the bounties on steel and I regret that I am unable to lay the correspondence on the table.

DIRECT TELEGRAPH CONNECTION BETWEEN POONA CITY COMBINED  
POST AND TELEGRAPH OFFICE AND THE BOMBAY CENTRAL  
TELEGRAPH OFFICE.

164. **Mr. N. O. Kelkar:** (1) Are Government aware of the fact:

(a) that the direct Telegraph connection between Poona City Combined Post and Telegraph office and the Bombay Central Telegraph office has been cut off since July 1926, and

(b) that the telegrams transmitted between those two offices are delayed in transit owing to their transmission through the Poona Central Telegraph Office, and

(c) that owing to the introduction of this change the public are now required to pay an additional one rupee late fee for each telegram sent through the Poona City Post Office during the closed hours of the Poona Central Telegraph office?

(2) If the reply to 1 (a) is in the affirmative, will the Government be pleased to state whether this action has its effect in showing an increase in work and a consequent retention of the excess staff in the Poona Central Telegraph office?

**The Honourable Sir Bhupendra Nath Mitra:** 1. (a) Yes.

(b) There have been no complaints of delay to traffic on account of this change.

(c) This is the case only between midnight and six in the morning when very few telegrams are sent. Even then the extra payment could be avoided by tendering the message at the Central Telegraph Office.

2. The arrangement has slightly increased the work of the Poona Office, but it economises staff as a whole and has led to increased efficiency in so far as the signaller in the Poona City office has now to attend to only one important circuit instead of two.

#### GRANT OF A COMPENSATORY ALLOWANCE TO SELECTION GRADE POSTAL OFFICIALS AT POONA.

165. **Mr. N. O. Kelkar:** (a) Is it a fact that the Honourable Member in charge of Labour and Industries has stated to the Secretary, All-India Postal and Railway Mail Service Union, that compensatory allowance has been sanctioned to the selection grade officials at places where the scale of pay of time-scale has been revised?

(b) Are the Government aware that the time-scale of pay of postal clerks at Poona has been revised and yet the selection grade officials therein are not given compensatory allowance?

(c) If compensatory allowance to selection grade officials at Poona has not yet been granted, will the Government be pleased to state when those officials will get it?

**The Honourable Sir Bhupendra Nath Mitra:** (a) No.

(b) Yes.

(c) The Government do not propose to grant a compensatory allowance to selection grade officials in Poona.

#### APPOINTMENT OF ACCOUNTANTS IN HEAD POST OFFICES.

166. **Mr. N. O. Kelkar:** (a) Will the Government be pleased to state whether it is a fact that the Director-General of Posts and Telegraphs, Delhi, has decided that Assistant Accountants will only be henceforth sanctioned in respect of every selection grade appointment in the Accounts branch of a Post Office and that every Head Post Office will have an Accountant?

(b) Will the Government be pleased to state what differentiation it has made in determining the number of such appointments for very small Head Offices (like Karwar and Alibag) having less than ten sub-offices under them, and for very large and first class Head Offices like (Poona and Ahmedabad) which have more than 40 sub-offices under them and yet which have no selection grade officials as their Accountant? If not, why not?

(c) Is it a fact that owing to the large volume of accounts work in such First Class Head Offices there are three or four officials performing purely accounts work and that such officials require or are expected to possess knowledge of the complicated work of that branch?

**Sir Ganen Roy:** (a) The Director-General's orders referred to are that every head post office should have an Accountant and that in every head post office in which there is an Accountant in the selection grade there should be an Assistant Accountant and further that there should be an additional Assistant Accountant in respect of every additional selection grade appointment in the Accounts Branch.

(b) The requirements of each head post office are considered on its merits with reference to the volume of its accounts work, in which the accounts work in respect of its subordinate offices is necessarily comprised.

(c) Government are not aware that the case is as stated.

#### SORTING WORK AT POONA.

167. **Mr. N. O. Kelkar:** (a) Are the Government aware that the sorting work at Poona is done at three places and that this system has increased the work of running sections as a result of the discontinuance of several direct bags and labelled bundles?

(b) If yes, have the Government proportionately increased that staff of the running sections to cope with extra work? If not, why not?

**Sir Ganen Roy:** (a) Yes, but the increase in work in running sections is not appreciable.

(b) Does not arise. I would however add that arrangements for concentrating the sorting work at Poona in one Railway Mail Service office are in hand.

#### INCLUSION OF COMMERCIAL SUBJECTS IN THE INDIAN AUDIT AND ACCOUNTS SERVICE EXAMINATIONS.

168. **Mr. C. S. Ranga Iyer:** In pursuance of information supplied to Seth Govind Das in the Legislative Assembly to his question No. 191, dated the 27th February, 1925, regarding the inclusion of commercial subjects in public Examinations:

(a) Have Government taken any steps to include the Commercial Subjects such as Accounting and Auditing, Business Organisation, Advanced Banking and Currency, Public Finance and Administration in the Indian Audit and Accounts Service Examination?

(b) If not, have Government considered the question of including them?

### INCLUSION OF COMMERCIAL SUBJECTS IN CERTAIN PUBLIC EXAMINATIONS.

169. **Mr. O. S. Ranga Iyer:** (a) Has the attention of the Government been drawn to an article in the *Tribune*, dated the 8th January, 1927, under the heading "Commercial Subjects in I.C.S. and I.A.S. Examinations"?

(b) Have Government referred the question of the inclusion of the Commercial Subjects to the Public Services Commission as promised in reply to question No. 657 on the 3rd September, 1925? If not, why not?

**The Honourable Sir Basil Blackett:** I propose to reply to questions Nos. 168 and 169 together.

The question of the revision of the schedule of subjects for the Indian Civil Service and the Indian Audit and Accounts Service Examinations is being considered by the Public Service Commission.

### INCLUSION OF RAILWAY ECONOMICS AND CERTAIN OTHER SUBJECTS IN THE EXAMINATION FOR THE COMMERCIAL DEPARTMENTS OF STATE RAILWAYS.

170. **Mr. O. S. Ranga Iyer:** (a) Is it a fact that the rules regarding the recruitment for the Transportation and Commercial Department of superior Railway Establishment have been published?

(b) Is it a fact that the candidates appearing in the examination must be graduates and hold a degree which includes one of the following subjects:

Applied Mathematics, Physics, Applied Mechanics, Prime Movers?

(c) Is it a fact that no commercial subject has been included for the above examination?

(d) Are Government aware that the persons holding the degree of B. Com. will thus be debarred from appearing in the Examination for Commercial Departments of State Railways?

(e) Has the attention of the Government been drawn to an article in the *Tribune*, dated the 21st August, 1926, under the heading "Recruitment to Railway Service" in this connection?

(f) Will the Government be pleased to state if they propose to include the following subjects for the above examination in order to give a chance to Commerce Graduates to appear in the examination:

Railway Economics, Railway Organisation, Railway Statistics, Accounting and Economics.

**The Honourable Sir Charles Innes:** (a), (b), (d) and (e). Yes.

(c) For 1926 and 1927 candidates who have had two years' railway traffic training in the United Kingdom have been allowed to take (1) Practical Railway Working and (2) Railway Economics.

(f) The Calcutta University has suggested that degrees with somewhat similar subjects to those referred to by the Honourable Member should be accepted as qualifying candidates for selection for the Transportation (Traffic) and Commercial Departments and this question is under the consideration of the Government.

## DEMANDS FOR SUPPLEMENTARY GRANTS—*contd.*

### AVIATION—*contd.*

**Mr. President:** The House will now resume consideration of the following motion moved by the Honourable Sir Basil Blackett on the 9th February 1927:

“That a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of ‘Aviation’.”

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): My reason for rising to intervene in this debate at this early stage is to try to clear up certain misapprehensions which seem to have crept into the minds of some of my Honourable friends in regard to the subject now under discussion and also to supply to the best of my ability certain information which it seems they are anxious to obtain. I hope my Honourable friends have by now had an opportunity of giving to the subject now before us, and to the document circulated by Government in connection with it, that serious consideration which its importance demands. The speech which my Honourable friend Diwan Chaman Lall delivered on the floor of this House on the 21st February last made me feel doubtful whether he had attempted by then to study the subject at all seriously. I do not propose to waste the time of the House by simply traversing again the whole of the ground covered by the note which has already been supplied to Honourable Members. Even so, I am afraid I shall have to make a speech as long as that made by my friend from the Punjab on the floor of this House the other day or perhaps longer, though I cannot emulate his lucid eloquence. And I would ask the House to bear with me, if I tax their patience.

The precise motion before the House is that a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March 1927, in respect of ‘Aviation’. It would hardly have been necessary for me to mention but for certain statements made by my friend, Diwan Chaman Lall, in this House on the 21st February that the head ‘Aviation’ in our accounts and estimates is intended to record the expenditure on civil aviation and has nothing to do with military aviation. It will be seen from page 507 of the Proceedings of the Standing Finance Committee of the 4th February 1927 that the money which the House is now asked to vote is required wholly for the acquisition of land for what I may call our future air harbours, and that the Standing Finance Committee agreed to the expenditure subject to the question of policy involved being accepted by this House.

The essence of that policy is that the Government of India should take steps to foster the development of civil aviation in India. As has been stated in paragraph 4 of the Note, which has already been circulated to Members of this House, they consider it essential that India should obtain her proper share of the business of aerial transportation at this stage, in order to ensure that she shall have an effective voice in the conditions on which contracts are given for services touching her shores, and that opportunities are afforded for the investment of Indian capital and for the training and employment of Indian pilots and personnel.

I doubt whether there are many Members of this House who are inclined to question seriously the advantages of the development of aerial transportation to the world in general, or to India in particular. From the questions which I have answered in this House during the last

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month, it appears that many of my Honourable friends are taking a keen interest in the measures adopted in other countries for the development of civil air services, and are also interested in the adoption of similar measures in India; and the Legislative Assembly itself ever since it came into being in 1921 has been voting money year after year for expenditure on measures which have received the approval of its Standing Finance Committee where such approval was required, and which will facilitate the development of air transportation in India. Further, I find from recent issues of newspapers that public opinion of all shades are taking considerable interest in the development of air services in India. For example, the *Swarajya* of Madras, a paper which I believe is run by my Honourable friend Mr. Prakasam, had a leading article in its issue of the 14th February last, on the subject of Aviation in India which contained the following remarkable passage:

"The emergence of modern commercial aeronautics confers a certain economic value on air."

The last few days have also seen the formation of the "Air League of India" with the following objects:

"To encourage (1) public interest in aviation in every possible way, (2) the fullest development of civil aviation in India, (3) the opening of air services, (a) between the chief towns and ports of India and (b) between India and other countries, (4) the provision of more aerodromes, airship stations, seaplane bases, and other necessary equipment and organization, (5) the development of the aircraft industry in India as far as possible by Indian capital (6) the training of Indian personnel in all branches of aircraft manufacture and operations, and (7) the provision of additional funds for the above objects and for experiment and research."

To Karachi belongs the credit of forming this association, but I have no doubt that the other principal cities of India will join hands with Karachi in the matter at no distant date. I have also seen a scheme put forward by Mr. Patwardhan, lately of the Afghan Air Force, for the formation of light aeroplane clubs in India to teach "air sense" to the public.

There are probably, however, a good many Members of this House whose predilections in other directions have made it impossible for them to study the advantages and developments of civil air services in other countries, and for their benefit I should like to give some of the main facts regarding the experience in the principal countries of the world. I confess, Sir, that my friend Diwan Chaman Lall was perfectly correct when he said that I am not an expert in civil aviation, nor do I happen to possess yet a single expert adviser on the subject, though the scheme before the House contemplates that I should get an expert very soon. When I have got that expert, it will be one of his functions to compile bulletins showing the progress of civil aviation in the principal countries of the world as well as in India, and I shall have these bulletins published in due course if I find there is a demand for them. All the same, it is part of my duty as the Member of Government in charge of the particular subject with which we are now dealing to keep myself informed as far as possible, from published reports and from other sources, of the recent developments of civil aviation in other countries; and I am in a position to place before the House certain important facts.

Aeroplane transport services were started in various parts of the world mostly in 1920. In the last six years they have multiplied rapidly and the total length of the regular air routes of the world at the end of 1925



was three times greater than in 1920. Europe had about 18,000<sup>000</sup> miles of air lines in place of 6,000 miles in 1920; America about 8,000 in place of 2,800; Africa 3,600 in place of 900; and Australia and Asia where there were no air lines in 1920 had 3,800 miles and 1,800 miles respectively. Even more significant than the increasing length of routes has been the rapid increase of the miles actually flown by aeroplanes in regular commercial services which have risen from 2½ million in 1920 to 12½ million in 1925. It is obvious that this remarkable development could only have been possible if aerial transport was supplying a real need for commercial and business purposes. This development is more striking when it is remembered that aerial transport is handicapped by the competition of surface transport, by land and sea, of which there are already excellent systems in various countries of the world as well as between different countries. In comparing the relative advantages of air transport and surface transport, it is necessary to distinguish between developed countries and undeveloped countries. In developed countries, as well as in regard to communications between countries where an efficient system of surface transport already exists, the governing advantage of aerial over surface transport must be speed. Passenger traffic moving for business will turn primarily on speed and reliability. To the business man time is money, and the economy of time is of great advantage to many business men who find absence from their regular place of work disadvantageous. In regard to goods traffic also, aerial transport has its advantages over surface transport where speed is an important consideration, for example in the case of business mails and express parcels. But apart from the mere speed of the aircraft, the carriage of goods by air has several important advantages particularly in the case of transit between different countries. All the *en transit* customs formalities involved at every point of transshipment in surface transport are eliminated. Customs clearance at the place of destination is effected immediately, and a rapid system of collection and delivery is available at the beginning and end of the journey. Further, and this is a consideration which applies also to traffic within a country, handling is reduced to a minimum and the goods are under no risk of pilferage during most of the period of transit. It is for this reason that in England the insurance rates for air-borne goods are actually less than for goods conveyed by surface transport. It is no wonder then that the number of passengers carried by air between Great Britain and the continent of Europe by British and foreign air services combined has increased from 6,400 in 1920 to 20,700 in 1925; that the cross-channel services carried in the year ending 31st March 1926 bullion and specie to the value of over 11 million sterling; and that the carriage of ordinary merchandise apart from bullion and specie has increased steadily from about 500 tons in 1922 to 900 tons in 1925. In the United States of America, Government have spent over 12 million dollars since 1918 for the development of the Air Mail; and there are now in operation over 8,000 miles of air route for this purpose, the through transcontinental air mail service covering the route of 2,665 miles in about 82 hours against 3 days by the fastest train.

In undeveloped countries the advantage lies with the means of transport best calculated to provide access to points previously inaccessible, and the absence of road or railway communications must add vastly to the commercial importance of the ubiquitous flightways of the air. In the case of countries in which surface facilities are liable to interruption both the factors above mentioned should operate to the advantage of

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aerial transport. In Australia where the surface communications with some of the outlying parts is difficult and undeveloped, the air services are now a useful and important feature of the regular transport system. There are three companies which receive regular subsidies from the State to the extent of about £77,000 a year and which provide aerial transport over about 3,500 miles. Japan too has taken up an elaborate programme of development of civil aviation which would take 20 years to complete and by the end of that time it would possess a comprehensive system of airways covering about 16,000 kilometres. In its Budget for 1926-27 provision has been made for about Rs. 5 lakhs for the grant of subsidies to three companies for developing five air services, and for fostering the development of civil aviation generally.

Apart from their use for commercial transportation purposes, aeroplanes have successfully been used in certain countries for various other administrative and beneficial purposes, for example the survey of tracts where the peculiar conditions of terrain to be dealt with, while opposing great difficulties to the ground surveyor have lent themselves very readily to treatment by air photography; forest fire protection in areas where population is sparse and ground forces cannot be fully organised; the protection of cotton and other crops from the attacks of destructive pests; anti-malarial operations; ambulance and medical duties in undeveloped tracts where methods of transport are elementary if they exist at all. Even in Siam, the Royal Aeronautical Service, in addition to operating two regular air transport services, maintains six ambulance machines for conveying invalids and doctors. The present position in most of the countries in regard to civil aviation is summed up very tritely in the following passage which appears in a recent English report:

"The discovery of a new method of increasing the speed of inter-communication has in the past generally indicated a fresh step in the march of civilisation. In aviation a means of transport has been obtained twice as fast as any other previously existing. The majority of countries which are imbued with the spirit of progress appear to realise that the future of aviation cannot be neglected and by various methods are striving to adapt aviation to commerce."

I have little doubt that this House will agree with me that it is undesirable that India should lag behind other countries imbued with the spirit of progress, in the matter of development of her internal air transport and of her air communications with foreign countries. Indeed, there are good reasons for anticipating that India will benefit even more largely than most other countries from the development of her air transport. India is practically a continent with enormous distances and with considerable areas where surface transport is still undeveloped and can never be developed properly owing to surface conditions and even where it is developed it is liable to interruptions from floods; and this is more particularly the case in Burma. As a matter of fact, the Local Government in Burma is already making use of the air service for the survey of 1,350 miles of forest and creek country in the Irrawadi delta and of 600 miles of forests in Tennaserim. The other day when I was being heckled in this House about complaints from a section of the public in India which is interested in foreign commerce, in regard to the delay in the receipt of foreign mails at Calcutta and in Eastern Bengal and Burma owing to certain accidents to the steamship service between Marseilles and Bombay and to the washaway of the Nerbudda Bridge, my Honourable and gallant friend, Sir Victor Sassoon, rightly

suggested that the complete solution would be afforded by the establishment of air mail services, external and internal. When these air services are in operation, the transit between England and India will take 5 or 6 days, instead of 15, that between Bombay and Calcutta will take less than 12 hours instead of 44. With the development of our internal aerial services, Peshawar and Karachi will be brought within six hours of Delhi; Calcutta and Bombay to within nine hours. Madras, on a straight route would be little more than a twelve hours' journey away. If night flying develops as it is bound to do, Rangoon would be reached within the twenty-four hours. One of the chief difficulties to be surmounted in the achievement of Indian national unity is the great distance which separates one part of the country from another. (Hear, hear.) It is here that air transport, by tending to annihilate distance, will have a peculiar value to India, as it will reduce distance, if distance be measured in hours, almost to the dimensions of a single province.

I shall perhaps be accused by some of my Honourable friends of painting too vivid a picture. But I would ask them to go back in memory some 25 or 30 years to the time when we looked in astonishment upon those weird and novel contraptions, the first motor cars. How many of us ever considered the possibility that, within a very short space of time, not only should we own one ourselves but that we should regard life without one as quite intolerable? Had any one made such a suggestion and had he gone even further and predicted the flourishing village-to-village services by such cars, which exist to-day in many parts of India, would not he too have been accused of painting too vivid a picture? It is indeed a well known fact of history that the public are apt to look with suspicion upon all new inventions and to doubt their utility for the every day purposes of our life. In the case of air transportation also, history has repeated itself; and there have not been people wanting in other countries even like Australia, who have at the outset doubted the advantages to the community of the development of air services. As I have already stated, with greater experience this feeling has happily passed away.

There are probably also some others among my Honourable friends who will take up the attitude that no need for air transport exists in India at present, because no active demand has so far been demonstrated. Indeed, if I remember rightly, my friend, Diwan Chaman Lall, used this argument. Now, Sir, in regard to air transport we are in much the same position as our predecessors were when the first railways were mooted. There were not wanting critics who held that the world had got on very well up to that date without railways, and that the additional speed of transport which railways offered was quite unnecessary and uncalled for. Yet how many of us would to-day go back to the pre-rail era? We should regard with horror the prospect of a journey from Madras to Delhi by road and it is by no means impossible that our grandsons will find themselves regarding with almost equal horror the idea of a similar journey by rail. It is the provision of facilities of this nature which first evidences the need for them and it is dangerous in the extreme to assume that, because there is no open demand for such facilities, a latent demand for their provision cannot be shown to exist. It was not the demand for more rapid transport that produced the railways; it was the railways that brought to light the demand for more rapid transport.

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Some of my Honourable friends will probably also argue that India is too poor to incur any expenditure on the development of her aerial transport. But however poor India may be, she is not so poor compared with certain other countries which are already interesting themselves in the advancement of civil aviation that she must wholly overlook the need for the development of her aerial transport which, as I have already pointed out, is sure to result in considerable advantage to her. With the development of aerial transport, there is sure to be a considerable increase in business in the country with a consequential accession of wealth and prosperity. I hope that my Honourable friend, Mr. Birla, who is largely interested in the development of industries in India, will be one of the first to promote the formation of a subsidized company for running an air service between Karachi and Delhi, and that I shall live to see a Birlanagar springing up near Delhi with factories for the repair and manufacture of aeroplanes and airships which will provide employment for thousands of Indians. Truly has the *Swarajya* paper of Madras said that the emergence of modern commercial aeronautics confers a certain economic value on air which must be conserved and developed in the best interests of the country.

Now, Sir, it is that extreme importance of conserving and developing the economic value of our air in the best interests of India which forms the keynote of our policy. The Air Board has pointed out that India's geographical position marks her out as an all-important link in any air route between Great Britain and her Eastern dominions, and between Europe and far-eastern Australia. My friend, Diwan Chaman Lall, the other day attached a sinister meaning to this statement of the Air Board and he alleged on the strength of that interpretation that the real object underlying our civil aviation policy was to help England in what he considered to be her schemes of Imperial aggression in the Far East. I have no doubt that my more sober-minded friends, who take an interest in questions relating to the international commerce, have not failed to realize the correct meaning of the Air Board's statement. Places like Bombay and Karachi form some of the principal stations on the main highways of commerce between England and Europe and the Far East and Australia. It is, therefore, obvious that the routes of aerial transport for commercial purposes between the portions of the world to which I have referred must touch or cross India; and what the Air Board meant by paragraph 2 of their memorandum read with paragraph 4 (an extract from which was also quoted by Diwan Chaman Lall in his speech in this House on the 21st February) was that unless India now took active steps to develop her internal air transport, there was a real danger of this transport passing into the hands of foreign capitalists, to whom India cannot refuse the right of flight over her territory under the terms of an International Air Convention to which India is a signatory. The point is more fully brought out at the end of paragraph 15 of the Air Board's report where they say:

"It is because the Air Board fear that India will lose her chance of obtaining her proper share in the business of aerial transportation if she does not take part in the initial and experimental stage that the Air Board have thought right to bring the whole question before the Government of India; they do not conceive that India can obtain and retain her due share of the business of aerial transportation solely by granting subsidies to external companies at the expense of the Indian tax-payer, and without the interest and support which the employment of Indians and Indian capital in the business will provide; and for the development of civil aviation they therefore

think it most desirable to elicit that interest and support by securing opportunities for the investment of Indian capital in commercial air services and the training and employment of young Indian men in them."

The fact of the matter is that if we do not ourselves adopt a steady line of development of our internal air transport, however cautious and slow it may be, there is a distinct danger of our internal air routes being exploited by, and falling into the hands of, foreign capitalists. If my recollection is correct, my friend, Diwan Chaman Lall, the other day seemed to look upon the resultant state of affairs with a certain amount of equanimity. He said: "Foreign firms are wanting to connect India with Europe. Well, let them do so." He either did not realise that foreign firms will not stop with the external air services, but will also take up the development of our internal air services if we do not in the meanwhile step in with our policy; or else he saw no objection to this process. I doubt whether any considerable body of the Members of this House will be inclined to share his mentality in the matter. I know there are many among my friends opposite who are anxious that India should secure an interest in her coastal sea traffic and in her inland river traffic. I am sure that they will not agree to allow our inland air transport to pass into the hands of foreign capitalists. I am not even sure that Mr. Chaman Lall's mentality will be shared by many Members of his own party; for as I have already pointed out, one of the papers run by a member of his party has already given expression to sentiments which are in full accord with the Government of India's policy in the matter.

I hope, Sir, I have now succeeded in establishing my proposition that it is of the utmost advantage and importance to India that she should develop her internal air transport and should also co-operate towards the development of her external air communications; and that for this purpose the policy which the Government has proposed to adopt is in the best interest of India. I should like to disabuse the House once again of any feeling that may have been created by my friend Diwan Chaman Lall's speech the other day that the real object of that policy is to help England's supposed military adventures in the Far East. If there are such adventures, and the Government of India desire to co-operate in them, the consequential expenditure would be a charge on the military budget and will not come up for discussion in this House. The sole object of our policy in regard to civil aviation is that stated in paragraph 4 of the note already circulated, and, to place it prominently before the House, I shall again repeat the quotation which I have already given: The Government of India consider that "India should obtain her proper share of the business of aerial transportation at this stage in order to ensure that she shall have an effective voice in the conditions on which contracts are given for services touching her shores and that opportunities are afforded for the investment of Indian capital and for the training and employment of Indian pilots and personnel." The first part of the policy refers to external communications and the second part refers to internal communications.

At the same time, it is not the desire of the Government of India that in the pursuance of their policy for the development of India's aerial communications, external and internal, they should launch on grandiose schemes involving heavy financial commitments. In this connection, I should like to invite the attention of the House to the concluding portion of paragraph 14 of the Government note on our aviation policy, which has already been

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supplied to it. It is the intention of Government that the financial commitments involved in their civil aviation policy must take their place in due course with competing demands for expenditure in other directions. And as all expenditure which Government may desire to incur in pursuance of that policy must be subject to the vote of this House and to the approval of its Standing Finance Committee where such approval is required under standing arrangements, this House will have a continuous opportunity of correcting any inclination on the part of Government to depart from its declared intention.

I may mention for the information of the House that for some years we have been spending every year relatively small sums of money on civil aviation, the expenditure since 1921 being voted by the Legislative Assembly and also approved by its Standing Finance Committee where such approval is required under standing arrangements. Thus we have spent in 1921-22 Rs. 87,000; in 1922-23 Rs. 44,000; in 1923-24 Rs. 18,000, and in 1924-25 Rs. 19,000; and in 1925-26 Rs. 1,17,000; almost the whole of the expenditure being of a non-recurring character on the acquisition of sites for aerodromes and on the survey of air routes. In 1926-27 we propose to spend Rs. 15 lakhs, again mostly on non-recurring items of expenditure. This figure includes Rs. 10 lakhs for which the vote of the House is now being asked for, and of which only about Rs. 3 lakhs represents cash expenditure, the balance being book adjustments of the value of land. In the Budget of 1927-28 we have provided for an expenditure of about Rs. 4 lakhs, of which only about Rs. 70,000 is recurring and the balance non-recurring. I do not know what reasons my Honourable friend Sir Purshotamdas Thakurdas had for saying in his speech in this House on the 19th February last that the annual expenditure on civil aviation may come up to Rs. 25 or 30 lakhs in the course of a few years. I have no doubt that, as the advantages of the opening of air-routes are realised, our annual expenditure on civil aviation will steadily go up, but I shall be surprised if a standard of Rs. 25 or 30 lakhs is reached in the near future. In any case, as I have already said, the House and its Standing Finance Committee can always put a brake on the Government when the latter desires to embark on grandiose schemes.

I shall next proceed to deal with the various main items of expenditure which the Government of India propose to incur in accordance with their policy for the development of civil aviation. The first and foremost of these must obviously be that involved in the creation of an office of Director of Civil Aviation. The need for an expert adviser of this class, if we are to make any progress in the development of our air routes, however slow that progress may be, is self-evident. As a matter of fact, the need for the appointment was accepted by the Standing Finance Committee at its meeting on the 12th August 1926. The appointment has received the sanction of the Secretary of State for India in Council and negotiations are in progress to obtain the services of a suitable officer with practical experience. The proposals for the office establishment of the Director were accepted by the Standing Finance Committee at its meeting on the 4th February last subject to the discussion of policy by this House.

The second of the most important items of expenditure which must be incurred to give effect to our policy in regard to civil aviation is the provision for what may be called air harbours and air ports. It is essential that

we should have these harbours before aerial transport services can start in India. As I have already stated, the supplementary grant which the House is asked to approve is wanted for the purposes of land required for three air harbours at Bombay, Calcutta and Rangoon respectively. These harbours must be established before any internal air services can be started between the principal stations in India. My friend, Diwan Chaman Lall, was not quite correct in stating the other day that the expenditure is intended to assist companies operating the external air services of India. They are meant essentially for the internal services which we hope will spring up with the inauguration of the external service to Karachi, though they will be available for the reception of any aircraft operating external services which may touch Bombay, Calcutta or Rangoon, nor is it part of policy of the Government of India that foreign companies should be allowed to establish internal air services between these stations. It is obviously essential in India's interest that she should own her air harbours as she owns her sea harbours, and that these air harbours should not be the monopoly of any companies, internal or foreign. It was for this reason that as early as 1920 the Government of India adopted the policy that all aerodromes and necessary equipment, all hangars, quarters, godowns, lighting, telegraphic and meteorological apparatus, etc., should be the property of the Government of India; and expenditure in accordance with this policy has been incurred ever since and has received the approval of this House since it came into being. As has been pointed out by the Air Board, a departure from this policy has been permitted at Karachi where the British Government has been allowed to build an air harbour with the help of certain contributions made by the Government of India. The Government of India will later on take up the question of acquisition from the British Government of the equipment of the airship base at Karachi, though it is not proposed at present to incur any expenditure for this purpose either in the current or in the ensuing year.

I think it is necessary for me at this stage to say a few words in regard to the assistance which India has rendered to the British Government, and not to the Imperial Airways Company, in connection with the establishment of the air harbour at Karachi. The precise nature of this assistance is that the Government of India have acquired at their cost, about Rs. 1½ lakhs, the land required for the air harbour and have leased the land rent-free to the British Government. They have also made a grant-in-aid of Rs. 4 lakhs towards the scheme on the understanding that import duties at the ordinary rates will be paid on all materials imported into India for the works. The assistance was given on certain conditions which have not yet become operative as the service for which it was given has not yet started. It has been alleged in certain quarters that this assistance was rendered without the cognizance of this House; and I find it actually stated in the article in the *Swarajya*, to which I have already referred, that the Government of India have undertaken to give the assistance "of course without a word being said about it in the Legislative Assembly". As a matter of fact, the grant of the assistance was approved at a meeting of the Standing Finance Committee on the 2nd March 1925, the members present including my Honourable friends Messrs. Shanmukham Chetty, Gaya Prasad Singh, as well as Sir Purshotamdas Thakurdas; and the expenditure has been incurred only after the vote for it has been obtained from the Assembly either through the ordinary budget demand or through a supplementary demand. Later on, the Government of India have also agreed to provide

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a hangar and certain hutments at Karachi at a cost of Rs. 1 lakh, but here again the approval of the Standing Finance Committee and the vote of this House was obtained to the expenditure. As already stated, the true picture is that the air harbour at Karachi is being constructed with financial assistance from the British Government, and it is only proper that the Government of India should later on take over the harbour by paying back to the British Government the money they are spending on it.

Apart from the four main air harbours at Karachi, Bombay, Calcutta and Rangoon, it will be necessary gradually to provide a chain of aerodromes across the main air routes. With the approval of the Standing Finance Committee a sum of Rs. 1½ lakhs has been entered in the Budget for 1927-28 to meet expenditure on the acquisition of land for the intermediate aerodromes on the main route from Karachi to Calcutta and Rangoon. An additional reason for incurring this expenditure at an early date is to enable the Government of India to exercise some control on the route adopted by foreign aircraft in their flights across India. This foreign aircraft has nothing to do with the Imperial Airways Company, nor is it engaged on commercial flights, there being as yet no commercial air route traversing India. It is engaged on what is known as experimental world flights.

The third most important item of expenditure is on the grant of subsidies for external air services. I should at the outset like to make it clear that these subsidies are quite distinct from the obligations which are imposed on India as one of the signatories to the International Air Convention of October 1919 in the matter of co-operation in internal measures concerning the collection and dissemination of statistical current and special meteorological information and the establishment of extensive wireless stations to provide facilities for the use of wireless telegraphy in air navigation. If India is to take her proper place among the progressive nations of the world, she cannot ignore her international obligations; and steps have already been taken or will have to be taken with the approval of the Standing Finance Committee and the vote of this House for the gradual expansion of our meteorological and wireless services which will not only enable India to discharge her international obligations in these matters but will also be of immense benefit to her in other directions. Incidentally any developments of these two services means the provision of further avenues of employment for Indian youths, for both services have now been almost wholly Indianized. The expenditure on such development is, however, not chargeable to the Aviation grant, and we are not concerned with it for the present.

In regard to subsidies proper, their grant is fully justified by India's large interest in foreign commerce and in the interest of that important body of her tax-payers which is engaged in that commerce. It may interest the House to know, that as soon as the contingency of the grant of subsidies for external air services became apparent to me, on the 5th September 1925 I placed the subject before my Standing Finance Committee of the Indian Legislature, of which my Honourable friend Diwan Chaman Lal was then a member and at the particular meeting of which he was present. The Committee unanimously accepted the general idea of a subsidy provided that it were given subject to certain conditions which should include a share in the control of the service and a provision for the training of Indians as pilots, but they considered that the conditions could not be finally formulated until further details were available. It will be seen from



paragraph 5 of the Government note that the claim of India to be consulted at all stages on the terms of any contract for an air service touching her shores, and to participate as a principal in the contract with a right to insist on the inclusion of such provisions as may be necessary to promote India's interests, *e.g.*, the training and subsequent employment of Indian personnel, subject to acceptance of a share in the financial liabilities of the contract has been preferred by the Government of India to the British Government and is understood to have met with their approval.

As a matter of fact, no subsidies for external air services have yet been granted by the Government of India and there is no such proposal at present before the House. Any expenditure in this connection will of course require a vote of this House and the approval of the Standing Finance Committee, unless it is relatively so small that no reference to the latter body is required under standing arrangements, and it can be met by reappropriation from grants voted by the House.

The fourth and last main item of expenditure will be on the development of internal air routes and of internal air transportation services, apart from the provision of air harbours. So far, no expenditure in this connection has been incurred, or is proposed to be incurred in 1926-27 or 1927-28, with the exception of small sums spent on the survey of the main arterial air routes of India which, as stated in paragraph 10 of the Government note, we propose to continue in 1927-28. It is the present intention of the Government of India that the establishment of internal air services should, at any rate at the initial stage, be left to companies registered in India with rupee capital, which should be required to afford training and opportunities for employment for Indians in all branches of its work.

The first action which is proposed to take in this direction is in regard to the opening of an air service between Calcutta and Rangoon. I would refer the House in this connection to paragraph 8 of the Government note circulated. In adopting this line of action the Government of India have been guided by the experience of certain other countries, *e.g.*, England, Japan and Australia. The experience of these countries has demonstrated that the case of civil aerial transport is one which calls for special enterprise of a peculiarly open-minded character, and the exploration of the possibilities of civil aerial transport must be undertaken in a spirit untrammelled by those methods which are usually associated with Government management; firms or companies should without interference be allowed to undertake commercial service where they are willing to do so; firms or companies which undertake services desired by the State, but are likely to be unremunerative, should be assisted by the State to the extent calculated to provide a reasonable return on the capital invested. At the same time, it must be recognized that the whole thing is in an experimental stage, and it may be necessary for the Government in India in the near future to take over the establishment and management of air services within India. Meanwhile, the point raised by my Honourable friend Pandit Hirday Nath Kunzru about the desirability of inserting a provision in contracts with subsidised companies empowering Government to take over the undertaking after a reasonable period of time will not be overlooked.

I shall turn lastly to the question of teaching Indian youths in what is called the science and art of civil aviation in which apparently a considerable number of Members of this House appear to be interested.

**An Honourable Member:** Why only civil aviation?

**The Honourable Sir Bhupendra Nath Mitra:** That is all I am concerned with at present. I have already answered a number of questions on the subject in this House and I now find that 16 Members of this House have tabled a Resolution on the subject. There seems to be some impression in certain quarters that the Military Air Force in India should suffice for this training, and that no other agency is required for the purpose. If I remember rightly, my Honourable friend Diwan Chaman Lall gave expression to this opinion on the floor of this House the other day; but judging from the Resolution tabled apparently many of the Members of his own party do not subscribe to that view. I should, however, like to make it perfectly clear that it is not possible for the Royal Air Force Squadrons in India to undertake this work, as their whole time must be occupied in maintaining their efficiency for military operations. I should like also to state that the reports which I have so far studied make it clear that a school for the teaching of the science and art of civil aviation in all its details is not a practical proposition. So far as I can make out the conclusion which has been arrived at in some of the more important countries of the world on the basis of recent experience is that the training of the personnel required in connection with the air transport services can be best managed through subsidised companies; and this is precisely what the Government of India propose to do at present. This personnel may be divided into three classes. Firstly, artisans and mechanics, secondly, aeronautical engineers, and thirdly, fliers and pilots. The technical education of artisans and mechanics employed in connection with aerial transport cannot conveniently be treated as a special subject but must be divided between the engineering and the wood-workers' trades. The initial part of the education will have to be imparted at the ordinary technical schools and at the schools of engineering; and all that will be required in addition is the formation of special classes at schools situated in the neighbourhood of aerial works or aerodromes. Aeronautical engineers must in the first instance be fully qualified mechanical engineers with a sound practical and an advanced theoretical training. Engineering colleges will doubtless recognize that just as the education of engineers is incomplete without some knowledge of electrical engineering so in future all mechanical engineers should have at least a superficial knowledge of aeronautical engineering. In addition, arrangements will have to be made for the specialised training of the aeronautical engineer in aeronautics as a post-graduate course including practical training in works and aerodromes. For the training of fliers and pilots, arrangements will have to be made with companies for tuition at flying schools attached to the main aerodromes, and later on it may be necessary to start a school of aerial navigation where map-reading, the use of the compass, astronomy, signalling and wireless telegraphy and meteorology will be taught. Of course, all this assumes that it will be possible to start in India indigenous companies operating internal air services with or without the assistance of a subsidy from Government. Should, however, this become impossible and Government has to take over the establishment and management of the internal air services, Government will also have to make direct arrangement for the final training of Indian youths at aerodromes and air works.

There is another method of training which has been in vogue in both England and Australia. In those countries in order to encourage the practice of flying among the general public with freedom from any military liability, and Government control, and with the object of the development

of "air sense", the formation of light aero-clubs which provide facilities for flying at a comparatively small cost has been facilitated by Government grants. As I have already said, a scheme for the formation of similar clubs in India has already been put forward and it will receive the consideration of Government as soon as we have got our expert in civil aviation.

It must be understood that the information which I am placing before the House is the best which I have been able to collect from a study of various reports. It is our intention to foster the training of Indians as pilots, etc., and as soon as we get our Director of Civil Aviation, one of his functions will be to prepare a paper showing the steps taken in the other principal countries of the world in regard to training in the various subjects connected with civil aviation, and the action to be taken in India in that direction. And if I get my grants and get that officer, I shall certainly have that matter fully examined and necessary information supplied to various members of this House.

I must apologise to the House for having taken a good deal of its time. I trust, however, that with the full explanation now furnished by me, there should be no hesitation on the part of this House in accepting the general outline of the policy and in passing the Demand before it. As I have already stated, there are certain items of that policy in regard to which there will be further opportunities for discussion in this House in connection with the Demands which Government may place before it.

**Mr. B. S. Moonje** (Nagpur Division: Non-Muhammadan): Sir, I rise to oppose this Demand. I have asked certain questions and very pertinent questions, to elicit certain information which would enable me not to be in a position to oppose this Demand, but unfortunately I have been very much disappointed. I could understand the Military Member coming out boldly and straight and telling me distinctly that Government is not going to make any such arrangement. I could not understand the reply that was given to me by the Honourable Member over there. I could not understand his saying that civil aviation is a subject which could not be suitably taught to boys in India. It seems we have not been able to understand the responsibility that attaches to persons taking up civil aviation or aviation of any kind. I shall quote for the information of the House the responsibilities that are supposed to attach to persons taking to aviation. I am reading from an English book, "Careers for our Sons.":

"The ability required in an officer or a mechanic is of no mean order. They commence their service by assuming responsibilities far graver than normally fall to their contemporaries in the Army and Navy. Almost from the outset of his career the pilot carries in his hand the safety of himself, his crew and his craft. His every day responsibilities are almost as great in peace as in war. To be trained to fulfil them, he must first be grounded in those qualities which are essential to all officers of the fighting services—obedience, self-reliance and self-control. He must then be taught enough about the design and rigging of his aeroplane and the principles of engineering construction to be able to detect faults, and assure himself that his craft is in a serviceable condition. He will require to know something of meteorology, of wireless telegraphy and telephony, of aerial photography, which is almost a science in itself; of Army, Navy and Air Force organisation, and the many aspects of airmanship and practical flying. He will have to use a machine gun under the most difficult conditions; learning the use of elaborate sights, and the adjustment and changing of defective parts at lightning speed, maintaining at the same time control of his aeroplane and keeping watch on the manoeuvres of the opposing machine. Last of all, he must be trained in observation, learning the significance of objects on the ground, judging the qualities of the surface from colour and appearance, and preparing reconnaissance reports. When all this has been mastered he passes into the service as a pilot officer."

**The Honourable Sir Bhupendra Nath Mitra:** The Honourable Member is referring to military aviation.

**Dr. B. S. Moonje:** I am glad that I have been interrupted in this way. I am going to prove to you that in the foremost countries of the world, like England, civil and military aviation is so intermixed that one cannot be separated from the other. I am going to prove that. There are several methods by which students and boys of the age of 15, 16, 17 and 19 are recruited into the Air Service. They begin with military service and after finishing military service, according to a 3 years, 5 years or 7 years' course, whatever it may be, then all those boys are enlisted as trained Craftsmen. Unfortunately for the Honourable Member there is no such thing as civil aviation apart from military aviation in England and therefore I am not in a position to give him an example of a country where civil aviation is completely divorced from military aviation. He will not find such a thing in any country on the face of the earth to-day.

**The Honourable Sir Bhupendra Nath Mitra:** What about Japan?

**Dr. B. S. Moonje:** I am glad that I have been interrupted. Japan to-day has also not completely divorced military from civil aviation. They have now advanced to such an extent that they have found that it will be advantageous to have a civil department as separate from the military department, it is true; but the fact must be clearly understood that when aviation was introduced into Japan some 10 years ago . . . .

**The Honourable Sir Bhupendra Nath Mitra:** Civil aviation.

**Dr. B. S. Moonje:** I am just coming to that. This civil aviation has been introduced into Japan from the year 1920 and it has been introduced and fostered by the Military Department there. I am just going to prove it. In England arrangements are made for all kinds of students to be recruited. Students of universities have been recruited so have boy mechanics and I may say for the information of the Honourable Member over there that boy mechanics of the age of 15 or 16 are admitted. It is said—I am reading from this book—that "boy mechanics are enlisted by means of competitive examinations held twice a year. They must be between the ages of 15 and 16½, . . . The syllabus of the open competitive examination includes these subjects: Mathematics, Experimental Science, General Paper, English Composition. The Air Ministry are desirous of receiving entries from boys who have had a secondary or technical school education." They are so anxious that boys should come and join; and yet we are told here that civil aviation is not a suitable subject to teach to boys.

**Honourable Members:** Who said that?

**Dr. B. S. Moonje:** That was the reply given to me. I asked the question:

"(a) In view of the fact as announced by H. E. the Viceroy in his address to the Members of the Legislative Assembly on 24th January 1927 that 'this development of aviation marks the introduction into the country of a new form of civil transport', will Government be pleased to state if Government is contemplating to make adequate arrangements for imparting education to Indian boys in all the branches of civil and military aviation, so as to enable India to take a due share in the matter both of civil air transport as well as in the defence of India in aerial warfare."

(b) If so, when is it likely that schools for teaching aviation to Indian boys will be started in India?"

The reply given to me was:

"Government do not consider that aviation of any kind is a subject which can suitably be taught to boys in schools and do not therefore contemplate starting such schools."

**Honourable Members:** Schools, yes.

**Dr. B. S. Moonje:** Unfortunately this is India.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): But it is not taught in England either in ordinary schools; only in cadet schools.

**Dr. B. S. Moonje:** I am just coming to that. "Boy mechanics are enlisted . . . ."

**Sir Victor Sassoon and others:** They do not fly.

**Dr. B. S. Moonje:** I will read to you what they say:

"The Air Ministry are desirous of receiving entries from boys who have had a secondary or technical school education. . . . The ultimate prospects open to these boys may be summed up as follows:

- (a) Those who qualify at the end of the three years' course will be promoted forthwith to Leading Aircraftmen in one of the skilled trades" . . . .

**Mr. Arthur Moore** (Bengal: European): That is entirely groundwork.

**Dr. B. S. Moonje:** But they fly also, as appears from the words:

"Those who qualify at the end of the three years' course will be promoted forthwith to Leading Aircraftmen in one of the skilled trades."

and

"A certain number of boys of exceptional promise will be selected for an additional four months' course of higher instruction, and will be promoted forthwith to corporal.

From among those who qualify for this higher training some will be selected for commissions, and will pass on to the Cadet College for training as Flying Officers together with the cadets entered by open competition."

**The Honourable Sir Bhupendra Nath Mitra:** That is all military aviation.

**Dr. B. S. Moonje:** I have already told you that this is unfortunately India, which is the only country in the world where there is neither civil nor military aviation training, at present. In no other country in the world are the two things divorced from each other. Now I am going to tell you what Japan has done. Knowledge, it has been said, is like the origin of a river which begins with dribblets but there is no knowing where and how it will end. As an example of that I am going to give you the case of Japan. Japan began its aviation with only two officers:

"Two officers who were trained in France and returned home in 1911, were the first airmen in Japan."

**Mr. N. M. Joshi** (Nominated: Labour Interests): Were they Japanese or Englishmen?

**Dr. B. S. Moonje:** Japanese.

**Lala Lajpat Rai** (Jullundur Division: Non-Muhammadan): Japan is not a part of the British Empire.

**Dr. B. S. Moonje:**

"Two officers who were trained in France and returned home in 1911 were the first airmen in Japan, followed by two others in 1912 and three in 1913."

[Dr. B. S. Moonje.]

So, in all 7 persons trained outside their country have created what Japan is to-day, (*An Honourable Member*: "Question?")—a great military power. I have no authority except the book that has been given to me.

**The Honourable Sir Bhupendra Nath Mitra**: Does the Year Book say that those 7 officers created the military and civil air-services in Japan? There were undoubtedly those 7 officers, but is there anything in that book which states that it is those 7 officers alone who created the civil and military air services in Japan?

**Dr. B. S. Moonje**: That is exactly the case.

**Lala Lajpat Rai**: They were the pioneers.

**Dr. B. S. Moonje**: It is a very good question that has been asked. It clears the whole ground and I hope my Honourable friend, having got that ground cleared, will admit that in the near future schools and colleges on the lines of Japan should be created in India:

"In 1919, an aviation section was created in the War Office and the first military aviation school was opened at Tokorozawa, near Tokyo, in January 1920, to give training in the first year to about 100 students including both commissioned and non-commissioned officers, besides admitting a few civilians."

**Sir Victor Sassoon**: Trained by whom?

**Dr. B. S. Moonje**: By the military.

**Sir Victor Sassoon**: By the 7 aviators you mean?

**Dr. B. S. Moonje**: There is no mention here that any people were imported from outside except those 7 persons who came over there and taught the people there. I am not going to conceal one more fact, namely, what kind of help the British Government gave to Japan. The book says:

"The Navy aviation is indebted to the assistance of the party of British flight officers for the marked progress it has attained, just as the Army air service owes its development to the training it received from the party of the French flight officers."

If the English people could give such kind of help as to enable her to develop her navy and naval aviation, what have they done to us in spite of their having been here for the last 150 years, though we are prepared to take a due share in aviation?

I know that there is a certain opinion going round that though the railways have been in India we are not in a position to take our full share in their technical management, and it is said, "As you are paying for the railways, so you should be prepared to pay for the civil aviation." When the railways were started in India, we had just been conquered by the British and we were in a stupefied condition and we did not know what to do. But we do not want to be placed in that position now. If aviation is to be introduced in India to-day with our consent we must be in a position to be leading it from the very beginning. I know that Government have got all the power, they can get 13 lakhs, they can get 9 lakhs, they can get even 50 lakhs; they need not consult us at all.

I am told that no money has been spent without consulting the Assembly. I am surprised at the reply that has been given to me. The reply that was given is this. I asked the question:

"Will the Government please state if the policy regarding civil aviation, as enunciated in paragraph 10 of the Memorandum of the Indian Air Board to give effect to which certain amounts of money have already been spent despite financial stringency prevailing in these years as detailed in the said paragraph, was submitted to the Assembly for its approval previous to the Government having spent that money to give effect to the said policy and what amounts of money have been spent so far to give effect to that policy?"

The reply was:

"The bulk of the expenditure was incurred before the Assembly came into being and anything incurred thereafter has of course been submitted to its vote. The information is being collected and will be sent to the Honourable Member when available."

What amount of money has been spent, even to-day the office does not know, it wants time for collecting the information.

In short, the mentality of the Government in this respect, as it has been in respect of the military, the railway and other departments, is like this. For spending money in order to help outsiders, the British, to exploit India the British Government keeps its purse open (*An Honourable Member*: "Question?"). I have just quoted from the book. I am now quoting from the memorandum supplied to me by the Government, page 8, paragraph 6:

"The question of linking India. . . ."

I am saying that Government at the time of spending money in such matters does not even care to see whether the money will be spent on profitable business or not. To continue:

"The question of linking India with the outer world by a line of air communications was first raised in June 1919, when a scheme was put forward by the Air Ministry for the establishment of an air service between Cairo and Karachi. The objects of this scheme were mainly military, though the carriage of mails was also contemplated. The Government of India supported the proposals, and, on the understanding that a weekly service would be instituted, agreed to provide and maintain the necessary aerodromes and buildings from Karachi to Bushire, at an estimated cost of Rs. 13½ lakhs initial and Rs. 36,000 recurring. The British Government were to be responsible for providing the necessary machines, the pay and maintenance of the unit, the cost of flying and any other liabilities."

I have said that the Government does not care even to see whether the business is a sound business or not, and to prove that I shall proceed to quote:

"Before, however, any action was taken in the matter, the British Government decided to abandon the proposal for the carriage of mails by the suggested service. It would, they decided, be preferable to deal with the scheme as a military proposition, pure and simple, leaving the question of the inauguration of a civil mail service for separate consideration."

Without knowing anything as to whether it was going to be successful or not, whether it was going to be a civil or a military thing—without considering any of those things, the Government in a most generous spirit showed its readiness to give away Rs. 18 lakhs and said, "If you want more money we will be prepared to give it." That is the mentality of this Government in regard to spending money, so that outsiders, the British I mean, of course, may be able to exploit India. As regards their mentality in the matter of giving a little share to the Indians in that exploitation I

[Dr. B. S. Moonje.]

will just read to you from that same memorandum which has been supplied to us by Government. At page 2, paragraph 5, sub-paragraph 17(i) it is said :

"The claim of India to be consulted at all stages on the terms of any contract for an air service touching her shores, and to participate as a principal in the contract with a right to insist on the inclusion of such provision as may be necessary to promote India's interests, e.g., the training and subsequent employment of Indian personnel, subject to acceptance of a share in the financial liabilities of the contract has been preferred to the British Government and is understood to meet with their approval."

What are India's interests? The whole interest of India is to be concentrated in these three things, namely, "the training, and subsequently employment of Indian personnel subject of course to acceptance of a share in the financial liabilities of the contract". After all this money has been spent what we shall be allowed to do is that we can take advantage of the training only for "subsequent employment" in that company, and that too subject to one condition that we shall have to take our share in the losses of that company . . . .

**Sir Victor Sassoon:** And profits.

**Dr. B. S. Moonje:** The words are "financial liabilities". Well, if that is going to be considered the "interests" of India, I do not think that any elected Member here will be in a position to vote for this Grant. Let it be understood that in opposing this Grant I am not opposed to the introduction of civil aviation. I am not opposed to the introduction of military aviation. I am not one of those who feel benumbed by the dread of the Western civilisation in its aspect either of mechanical industrialism or mechanical militarism. I am one of those who think all the latest developments in knowledge in the world should be introduced into India. Poor as India is, she is paying crores and crores for maintaining this costly government. She will readily pay 13 lakhs, or even 50 lakhs; she will not mind it; but the whole benefit must accrue to the people of India. Let there be a clear understanding that we are not opposed to the introduction of civil aviation; but in the name of the introduction of civil aviation, let there not be fresh openings created for exploiting India by people who are foreigners.

**The Honourable Sir Bhupendra Nath Mitra:** That is precisely what we want to stop.

**Dr. B. S. Moonje:** Sir, the best way to stop it is to teach aviation so that Indians may be able immediately and from the very beginning to take advantage of whatever progress has been made. The first condition or test of your *bona fides* is for you to bring a Resolution instituting State scholarships for the training of Indians abroad so long as there are no facilities for teaching aviation in India.

**The Honourable Sir Bhupendra Nath Mitra:** On a point of explanation. It seems to me that the Honourable Member did not listen to my speech. I made it perfectly clear that it is the intention of the Government of India to foster the training of Indians. We do not at present know what precise action we will have to take. When we have got the Director of Civil Aviation we shall be able to work out schemes and we shall issue bulletins from which the Honourable Members will be able to know in what direction action can be taken. The Honourable Member read from certain books. Unfortunately he did not . . . .



**Mr. President:** The Honourable Member has no right of reply.

**Dr. B. S. Moonje:** I have carefully and cheerfully heard what the Honourable Member read from his written speech. I am glad Government has given us an assurance that they will take measures for providing education after the Director of Civil Aviation has been appointed.

**Lala Lajpat Rai:** They did not say they will take measures but that they will issue bulletins.

**Dr. B. S. Moonje:** I am not one of those who doubt the intentions of Government. I take their intention for what it is worth. I have stated just now a test of their *bona fides*. I know it is a protracted affair. It took six years in Japan. In India it might take 20 years. What I say is, until that protracted period comes to an end, institute State scholarships for Indians for training abroad. With great respect and humility, I say "Teach us, dear Sir, your civil aviation". If you do not want to teach us military aviation, teach us civil aviation. Send us to Japan or France. We do not mind going to Germany. What we mind is this. If you are prepared to introduce civil aviation, we must be prepared to take our full share from the very first in the developments. If that does not happen, then we will not vote you one pice.

I am told that there is not much to be taught about aviation. Japan takes a different view. I am quoting from the Year Book of Japan. I am reading from page 169. It says:

"This office (Bureau of Aviation) is in charge of all aviation matters exclusive of military and naval aviation. It undertakes, as provided in the Aviation Control Regulation, the examination of machines and applicants for the operators license, and had by October 1923 thirty-four young civilian aspirants trained at the military and naval aerodromes. Further it encourages in various ways this particular aerial activity, as by offering prizes in competitive contests, giving consolation money when a civil aviator is injured or killed."

What a kindly government! If a civil aviator carrying on a commercial line in his own interest happens to be injured, the Government gives consolation money. Then, Sir, the Government there has besides the Bureau, the Aviation Board of Council and Aviation Institute, both in charge of the Department of Education. The former carries out researches into the theoretical side of the art and the latter their practical application. I think we Indians are supposed to be quite different from human beings in Japan, and particularly from that point of view we may not be in a position to understand the mentality of our Government when they say that it is a protracted affair. They say that information has to be collected; bulletins will have to be issued; the Director of Civil Aviation appointed; experts should be brought in; staffs found for them, and so on. 25 years will be spent in this way and after that they will introduce aviation. I do not think any elected Indian Member in this House will agree to that. I do not make any distinction between Indians and Statutory Indians. All those who regard India as their motherland are Indians whether Statutory or Non-Statutory. At the same time I want to warn my friends that we should not be caught in this British diplomacy. We were told that there was no British preference during the debate on steel protection. The biggest of our men boldly asserted there was no preference and eventually it was admitted that there was. It is a small sum of money now. We do not know what it will come to next year. I am a resident of this country. There is a big river known as Sonabhadra. There is a tradition about it. There are some parts in it, where if a man

[Dr. B. S. Moonje.]

puts his foot his foot goes in and in into the sand; the more he tries to extricate himself the more deeply he gets into the sand. Such is British diplomacy, Sir. They say that they are introducing civil aviation in the best economic interests of India. I will not be satisfied until a definite promise is given on the floor of this House as regards three points, namely, whether in the near future a college like the Cranwell College is to be established in India: whether in the near future schools are to be established: whether in the meantime State scholarships are to be immediately instituted for enabling Indians to learn aviation in outside countries. I am not to be satisfied now and India is not to be satisfied now merely with being motor drivers or engine drivers or ticket collectors in the Railway Department. This is a new Department being opened in India and I want to have from the very beginning, from the top to the bottom, a full share in it. Therefore, I am taking this precaution, and until those three things are promised to us on the floor of this House I do not think I can support this motion.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

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The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

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**Mr. K. O. Roy** (Bengal: Nominated Non-Official): Sir, after the very eloquent speech which my esteemed friend, Dr. Moonje, delivered to this House it is important that the two issues which are now before the House should be separated. The first is the small grant which the Finance Member is seeking for civil aviation in India, and the second is the question of policy. (*An Honourable Member*: "Supplementary Grant.") Thank you, Sir, Supplementary Grant. Sir, as regards the first, as the House is aware from the proceedings of the Standing Finance Committee, the money required is mainly for the purposes of acquisition of land near Bombay, Calcutta and Rangoon, and the bulk of the money is merely a book transfer as the lands which the Department of Industries and Labour propose to acquire belong to the Army Department. I am quite sure, Sir, that as a result of this grant the Imperial Airways Company will not be benefited in any way. The Cairo-Karachi service will terminate at Karachi, and thereafter it is open to the Government of India to transport the mail and the passengers as best they like. I hope, therefore, Sir, that the House will not hesitate to make this small grant to my esteemed friend, Sir Bhupendra Nath Mitra. As regards the question of policy, I am more or less in agreement with my Honourable friend, Dr. Moonje. When Dr. Moonje told the House that military and civil aviation are two sister services, I am at one with him. Let us take the case of England. Although these are two sister services, they are two very different branches there. Under the Secretary of State for Air there is a directorate of Civil Aviation under the control of Sir Sefton Brancker, and there is the Department of Military Aviation under Sir Hugh Trenchard. These are two distinct branches of the service, administered separately by the Secretary of State with the aid of the Air Council. Our duty here, Sir, if we wish to secure control over the development of civil aviation in India, is

to Indianize what we know is the Indian Air Board. The Indian Air Board is a mere technical and all obsolete body. Let us have the experts by all means; but let us have sufficient representation on the Indian Air Board of the Central Legislature. (Hear, hear.) Thereby, Sir, you will obtain the initial control of policy. Then, Sir, there is the financial control of the Standing Finance Committee, and finally the control of this House. You will thus secure triple control. What then does the Legislature want more than what we can get under the present conditions?

Then, Sir, compare our difficulties with other countries. I am in entire agreement with Dr. Moonje there. Dr. Moonje, I am sorry to say, could not obtain a proper answer from Mr. Young because his question was not very correctly framed. Mr. Young cannot undertake to train Indians in the air force now stationed in India—because it is a purely British unit. (*Mr. B. Das: "We pay for it."*) (*Another Honourable Member: "Who pays for it?"*) I am coming to that. Those of us who had opportunities of meeting Sir Samuel Hoare, the Secretary of State for Air—I had the privilege of being one—made no secret that we felt it a grievance that while all other Colonies are allowed entrance into the Royal Air Force, we are not. I know, Sir, that he is a far-sighted man, with a great deal of business and commercial experience and that he will not forget India's claim, and I have no doubt that he will place our views before His Majesty's Government. If His Majesty's Government see eye to eye with us, right and good. Otherwise it is open to this House to put down a motion to say that an Indian air unit should be created and attached to the Indian Army and so Indians will be eligible for service. That is the line on which we should proceed and not on the lines Dr. Moonje suggested. Dr. Moonje's suggestion is I venture to think one of obstruction, and mine is a suggestion of progress and advance. (Laughter.)

Now, Sir, what is the international verdict on India? During last year, Sir, we had visitors from all countries. We had a visit from a distinguished French aviator, an Italian aviator and also a Spanish aviator. Many British airmen visited this country. What is their verdict? Their verdict is that India is ideally suited for aviation, that Indians make good pilots, good Engineers and good mechanics, a corps of trained airmen will materially contribute to the self-development of India. Sir, I will give you a passage from a speech made by Sir Sefton Brancker, the Director of British Civil Aviation. He is an honest Englishman and stated our case frankly and bluntly:

"For the development of flying in India, he thought that an Indian Company should be formed with a large proportion of Indian capital."

Have we any objection? This is what my friend, Dr. Moonje, wants. Here he has the assurance of the highest authority. Then again, Sir, he says:

"There was no reason why aircraft should not be manufactured in India."

And he thought Karachi was an ideal place. Do I understand, Sir, that this House will prevent Karachi, the city of my friend, Mr. Harchandrai Vishindas, from manufacturing aircraft? Is it the intention of this House? Then, Sir, you hear what he says of the Indians:

"They could train up Indian mechanics and engineers and pilots. He himself had had experience of Indian pilots—one from Bengal, one from the south, and one from the Punjab. They had been with him in the War in France, and had done good work. They were quite successful in every way. (Loud Cheers.)"

[Mr. K. C. Roy.]

Are we going to deprive our countrymen of following these avocations of life? I trust Sir Sefton Brancker and I hope the House will trust him. Now, Sir, what is our position? Are we going to keep ourselves away from the progress that is being made elsewhere in these modern times? Are we going to isolate India from the airways of the world? Are we going to turn down the appeal made by my friend, the Honourable Sir Bhupendra Nath Mitra? Sir, I have known him for many years, and I know perfectly well that he would not have placed this motion before the House had he not been convinced that it is good for India, and I commend Sir Basil Blackett's motion for the acceptance of the House.

**Mr. O. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor; Non-Muhammadan Rural): Sir, it is due to the Standing Finance Committee that this policy of aviation which has been taken up by the Indian Government has come before this Assembly for discussion. Although the convention was agreed to in the year 1919, till this day the policy which the Indian Government wanted to pursue in the matter has not been brought out on the floor of this House. Sir, it is stated that the air convention was agreed to by this Government and the British Government along with other Governments. But, I ask, who was responsible for the Indian signature to that Convention? Is it not but a duplicate signature of the British Government to that document? Secondly, I ask, Sir, whether this Convention was agreed to by the Indian Government with the consent of the then Council, with the consent of the people's representatives in the then Council. Has this Convention ever been brought before the people's Council for the purpose of ratification? Sir, very often we are involved in serious commitments by the Government entering into international conventions without the consent or ratification of the people's Council here. Sir, this is not an objection which comes from a Swarajist, this is not a contention which comes only from a Congressman, but by the most moderate of moderates this objection was once raised, namely, that whenever this Government enters into an agreement with other nations, it must first get the approval of this Assembly and it must be ratified before any commitments are made on behalf of this Government, Sir, when Sir Basil Blackett brought the Resolution with reference to the stoppage of exports of opium, there was a discussion on the floor of this House at a time when we had all walked out. Then, Diwan Bahadur Ramachandra Rao, a moderate of moderates, raised an objection, from which I will read a short passage:

"Then, I have one or two remarks to make. I would like to suggest to the Honourable Member that these international agreements should be brought up for ratification by this House. We, who represent the people of India, should have some voice in the policy which eventuates in these international agreements. Take the Locarno Pact. It is open to the Government of India, without any reference to the representatives of the people, to drag India into a European war. Here again is another International agreement entered into without any reference to the people of this country which ultimately led to a loss of revenue of nearly two crores of rupees."

That was the objection raised by Diwan Bahadur Ramachandra Rao. Another moderate of moderates, Sir Hari Singh Gour, echoed the same sentiment on that occasion, and to all that what was it that Sir Basil Blackett then said in reply?

"The same speaker spoke of this policy having been adopted without the Convention having been brought before the House for ratification. Now, the question of bringing International Conventions before this Legislature for ratification obviously raises a larger issue than the House would desire me to pursue at the present moment."

And, I want Sir Basil Blackett to say whether the moment has arrived when we can discuss that policy or whether he will say ditto even on this occasion. Sir, a note has no doubt been placed in our hands. I read through the note not once, but twice and even thrice. I read on the lines, I read between the lines, although it is so closely printed in small type that there is no space between the two lines, (laughter), and I also read behind the lines. Sir, reading it on the lines, no doubt we find it to be very sweet and exhilarating and I thought that ere now I would be enabled to go to Chittoor every evening and come back to the Assembly the next morning by the aid of aviation. But reading between the lines, we find ample proof that India must always serve as a servient tenement for the exploitation of the dominant tenement, the British Government. If there was any doubt in these matters, it has been considerably cleared up by Sir Bhupendra Nath Mitra's long dissertation to-day. It will do very well as a first prize essay upon the subject. But as a practical question, far from removing any doubt in the matter, it confirmed our position that this policy is not intended, at present at any rate, in the interests of India, but only in the interests of the British Government. Sir, evidently Sir Bhupendra Nath Mitra thought so much about aviation last evening that during his dream he built several castles in the air and to-day he has produced what he recollected in this dream, and therefore it was that he developed the benefits of aviation to such an extent that I was reminded of my school-days when we were asked to write an essay about the benefits of British rule and unless we made out a strong case about the benefits derived from the railways, post offices and telegraphs, we never used to get any marks. Sir, a similar essay has been produced this morning by my Honourable friend, Sir Bhupendra Nath Mitra. Sir, this Convention was practically given effect to in the year 1921 and till to-day we have spent nearly Rs. 20 lakhs over this scheme. Sir, I ask, what benefit have we derived or hope to derive after having spent so much without the assurance which was demanded of this Government before spending any such amount by the Standing Finance Committee reported in Volume IV, No. 4. Sir, very often the decision of the Standing Finance Committee in 1925 is quoted as the scripture here, without understanding the full implication of the terms in which they couched that agreement. Sir, at page 314 of Volume IV, No. 4 of the Proceedings of the Standing Finance Committee, the members of the Committee distinctly said this:

"The Committee agreed on the understanding that their view would require reconsideration if the cost of the acquisition of land exceeds Rs. 1½ lakhs. They also desired to make it clear (a) that their acceptance of the present proposals would not commit them to any further expenditure on the scheme, (b) that steps would be taken to ensure that in the event of the service being made over hereafter to a private company the expenditure now incurred by Government would be fully recouped, and (c) that the Government of India would retain a voice in the management of the service."

These are the three conditions which the members of the Standing Finance Committee expressly imposed or attached to the consent which they gave or which they are said to have given on that occasion. Sir, do you take it as an absolute consent given by them for all the expenditure that you incur, and can you go on quoting this as your scripture when so many conditions have been laid down without satisfying this House that those conditions have been satisfied?

**The Honourable Sir Basil Blackett** (Finance Member): Does the Honourable Member suggest that these conditions have in any way been violated?

**Mr. O. Duraiswamy Aiyangar:** Yes, that is my point. These . . .

**The Honourable Sir Basil Blackett:** They have been fully observed.

**Mr. O. Duraiswamy Aiyangar:** These three conditions, Sir, which I just now read ought to be satisfied before further expenditure is incurred.

**The Honourable Sir Basil Blackett:** They are satisfied.

**Mr. O. Duraiswamy Aiyangar:** And have you ascertained that you have got a voice in the management of the service? Did you enter into an agreement, Sir, when the expenditure . . .

**Mr. President:** Order, order. The Honourable Member will, please, address the Chair.

**Mr. O. Duraiswamy Aiyangar:** Sir, did the Honourable Sir Basil Blackett and his Government take an assurance that they will have a voice in the management of the service, that the amount spent from the Treasury of this Government will be recouped if a sufficient voice is not given to them; and if these conditions have not been agreed to till now, I say they have violated the terms laid down by the Committee. I shall presently read from the note which has been placed in our hands which deals with the benefits that are likely to be derived by Indians. At page 2 of the note, paragraph 17, they say this. It has been already read, but not to the fullest extent and the important portion has been quietly skipped over:

"The claim of India to be consulted at all stages on the terms of any contract for an air service touching her shores, and to participate as a principal in the contract with a right to insist on the inclusion of such provisions as may be necessary to promote India's interests, e.g., the training and subsequent employment of Indian personnel, subject to acceptance of a share in the financial liabilities of the contract, has been referred to the British Government."

And what follows:

"and is understood to meet with their approval."

The Honourable Member of Government says that "it is understood" to meet with their approval. What does the Honourable Member mean, Sir, when he says it is understood to meet with their approval? Did he understand from any little bird whispering in his ears? Did he understand from Mr. K. C. Roy or from the Associated Press? (Laughter.) Or is he as a responsible member of the Government going to place before us that document by which the British Government has consented to these terms? Sir, to say that it is understood to meet with their approval will not satisfy this House unless a document is produced here to show that it has met with their approval. Sir, there is a temptation that is offered to us that Indians will be trained for higher services and expert services and unless we take this opportunity at the very first instance we are likely to lose all these opportunities. How often have we been promised like this and how often have we been deceived? And what is our past experience, Sir, in the way in which Indians are encouraged? It is needless for me to point out, what has so often been pointed out, the history of the Railways in this country. Eighty-seven years after the starting of these railways, to-day we are told that there is not one Indian competent to be a Member of the Railway Board, there is not one Indian who is competent to deal with the technical branches, and yet we are told, Sir, that the scheme of civil aviation will provide for the training of Indians. What have we been contributing to the League of Nations from the very beginning? India rushes in along with the British Government in every Convention and we

have been paying year after year £54,000, which is said to rank second in all the contributions that are made by so many nations. What is it that we have got from that, what after all has it done to India to place it in a position of equality or a position of prominence in the League of Nations? The first Indian representative on the League of Nations, Sir Ali Imam, complained at the League of Nations:

"I regret to find that in the whole long list of appointments made to the Secretariat I have failed to discover a single Indian."

At the next Conference Mr. Sastri was there and he analysed the appointments in the Secretariat. He says:

"Out of 351 appointments made there were 138 British, 73 French, 16 Swiss, 13 Americans, who had not yet joined the League of Nations, and one for India."

And in the last Conference, did matters improve? Sir C. P. Ramaswamy Aiyer raised the same cry, and we were told the other day by Mr. Graham that at present there were two Indians in the Secretariat and 2 in the Labour Office.

**Colonel J. D. Crawford** (Bengal: European): On a point of order, Sir, has this anything to do with civil aviation?

**Mr. President:** It has been suggested on behalf of Government that Indians will have opportunities for training in civil aviation as part of the proposed scheme while the Honourable Member points out that past experience in similar matters falsifies any such hope.

**Mr. C. Duraiswamy Aiyangar:** We are told that we will have some share in this scheme. In one place in the report they perhaps inadvertently said that there will be Indian shareholders, Indian capital, but they corrected themselves in another place and said it will be not actually Indian but a rupee capital and the company will be registered in India. Even if some foreign companies are registered in India that will satisfy the requirement.

One more important point, which affects directly the grant asked for, relates to the remission of 4 lakhs as an offset for import duties levied on articles imported on account of this scheme. At page 324 of the proceedings of the Standing Finance Committee a suggestion was made for the remission of customs duties.

**The Honourable Sir Basil Blackett:** May I point out that this money was voted last year and has been spent, and has nothing to do with the Supplementary Demand.

**Mr. C. Duraiswamy Aiyangar:** We are discussing the policy of the entire expenditure, and therefore it is perfectly in order to  
**3 P.M.** speak of how much we have wasted already and how much we are yet going to waste, and, as the Honourable Sir Basil Blackett usually put it as Demand No. 60 in the Budget and it always came under the guillotine, it never came before this House for discussion.

**The Honourable Sir Basil Blackett:** The Honourable Member said that this money was to be voted, and I am pointing out to him that it has been voted and spent.

**Mr. C. Duraiswamy Aiyangar:** First there was a suggestion that the import duties need not be set off if the Indian steel were purchased, but there were objections to this course. It was given up within the twinkling of our eye on the ground that the British Government must have already given the contract to a steel manufacturing firm in England and therefore

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it was not possible to purchase in this country; yet the import duties which in equity India was entitled to get India was asked to forego although Indian industry was not encouraged in this scheme. What are we to expect from civil aviation if the past history of India is like this? What are we going to expect in the future? There will be no training of Indians for these services, or the forming of Indian companies. Therefore, Sir, I think that past history has considerably demonstrated to us that we cannot possibly expect any kind of advantage to Indians whatever may be the amount spent. At page 7 of this note, we are told by way of threats that unless we begin to pay the piper we cannot call for the tune. We have not had any tune from this Government at any rate, although for over one century we have been paying this piper. This scheme, therefore, will practically be of no use to this country. Indians can get nothing out of it.

The Honourable Sir Bhupendra Nath Mitra quoted the *Swarājya* as supporting this policy. He only quoted one sentence, whereas if he had read the rest it would be found that not one sentence supports this policy of the Government. It reminds me of a story of an atheist who went to a Bishop and quoted the Bible as an authority for the position that there is no God. The Bishop was shocked and asked him to show him the text. The text read: "He is an infidel who says that there is no God." So was the quotation made by my Honourable friend, Sir Bhupendra Nath Mitra. The long and the short of the story is that so long as this Government is as it is, so long as the Government and the administration of India is a deviation from the rest of the world, let us not have aviation.

**Sir Victor Sassoon:** Sir, I do not propose to make an essay on aviation, nor have I any books to quote from. My only excuse for getting up is that aviation has been my early love. She has treated me very badly; she dented my chin, twisted my arm, crippled me for life, but I love her still and it is for that reason and because I think that the future of India is bound up with aviation that I am intervening in this debate with an appeal to the House to treat this vote on its own merits whatever the delinquencies of the Government may have been in other matters. The House knows that I am just as much a critic as other critics of the Government in certain matters, but not in this matter, and I speak not from books but from my own experience, because probably if not the only Member of the House that has flown an aeroplane, probably I am the only Member who has flown as long ago as 1910. I have got some knowledge of how people learn to fly, and one of the things that has struck me in this debate is that nobody apparently seemed to think that anybody could learn flying unless the Government paid for it. We are to have schools subsidised by Government, or scholarships given by Government, otherwise India cannot learn to fly. I think that is an insult to India. Before the War the Government in the early days of flying did not pay anything to those who wanted to learn to fly. I know a number of regular officers, one of whom is not a hundred miles from me to-day, who learned to fly at their own expense and under assumed names, so that the Government should not know of it. That was the spirit in which aviation was developed in its early days in England. I should like to see India following in that spirit. I am quite sure that there are Indians here in India who, if they wish to fly will fly, irrespective of whether there are Government grants or not. Not that I am suggesting



that Government should not help. I want Government to help, but I do want the subject kept clear, quite clear, from military aviation, and with all due deference to Dr. Moonje and his books, let me tell him that all that he says about boys of 15 which is taking place in to-day in England, is for incipient soldiers. I for instance cannot go to the Government there and say, "Please may I learn to be a mechanic or an aviator." Quite apart from the question of my age, and my not being able to pass a medical examination, they will say, "We are training these boys up to be soldiers". With all due deference to Dr. Moonje, I can assure him that no civilian to-day can go to Cranwell and ask to be trained.

**Dr. B. S. Moonje:** Civilians do.

**Sir Victor Sassoon:** I have no books to prove it, but I am perfectly certain that, if the Honourable Member will put it on the question list, he will find I am right when the authoritative answer is given. You see I only know from practical experience and I only know from one other source:—I happened to ask a very senior British Air Force officer during the tiffin hour whether I was right or not, so I can only assure the Honourable Member that, if he is right, he knows something that even a senior officer of the Air Force is ignorant of to-day. Sir, this training is given only to those who are soldiers or who are to go on the military side of aviation, and to-day if a civilian wants to learn aviation, he cannot get a Government scholarship, he cannot go to a Government school. What does he do? He goes to a private school and the private schools are established because there are sufficient civilians who are prepared to pay the fees to get their tuition. The only other way is to join one of these light aeroplane clubs, and that is why I was pleased to see that the Honourable Member in charge was sympathetic towards these clubs, and it is here only, subject to correction by Dr. Moonje, that there are any subsidies in England. If I am right, a light aeroplane club is given something like £2,000 towards its equipment in the first case. It is given a thousand a year for the first year for helping to run itself, and I believe that if it turns out good pilots, and does good work, they give it another £1,000 for the second year. After that I understand they are supposed to be self-supporting. Now I should like to see that done in this country. I feel sure something of that kind which will give an opportunity to the young men of this country to learn aviation, will be taken advantage of. And if you get these young men learning aviation, then you are more likely to be able to find jobs for them in your civil aviation lines of transport, than if you throw out this grant, upset any possibility of light aeroplane clubs being formed, and even upset the possibility of having a Director of Civil Aviation. To my mind, Sir, that part of the vote is the most important part, that is the establishment of a Director of Civil Aviation. That Director is going to be under our control. We have a voice in the policy that will be laid down for him to follow, and therefore I do suggest that if this House does throw out part of this grant, that it will, at any rate, leave that item in. It is to the advantage of India and it will be to the advantage of this House in its future control of policy. One other point, and that is on the question of these air ports or air harbours. I consider that it would be inadvisable to allow a private company to pay for aerodromes at ports, and as far as I know there is no suggestion that the air line from abroad should go any further than

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Karachi. As I have understood the situation, the foreign line will fly from Egypt to Karachi and any service between Karachi and Calcutta will have to be carried out by a separate company and I understand it is hoped that the capital will be raised in this country to supply the necessary funds. Now, are we going to allow the Airways Company to own the air port of Karachi? Would this House like the Port of Calcutta or Bombay to be owned by the P. and O.? Does the House not think that rather a dangerous proposition? I think the House, if it gives a little thought to it, will realise that we must pay for and control the air ports of this country just as we do the maritime ports. We shall charge fees for the use of them. These ports must be open not only to one company but to any company, to any machine that flies to this country, and I hope that if we do, as I suggest we do, vote for this measure, we should add a rider that, in the event of an Indian company being formed to take on an external service, that company should be allowed to receive more favourable treatment at the ports than a foreign company. We have been asking for an Indian mercantile marine and now we have an opportunity of controlling ports of the aeronautical marine. Are we to turn away the right to give some form of advantage to our own companies when they are formed? Now Members of this House may say, why do we not form a company now? I am afraid the reason why we do not form one is because the capitalists of this country are either too cautious or too foolish to put their money into a scheme of this kind before they know what is going to happen. I for one would be prepared, after I had seen that the scheme was a feasible one, to put capital into such a company, but I would much rather wait and see what the Imperial Airways does and see what their balance sheet looks like at somebody else's expense, before I put up my own money. And there is more in it than that. I want this House to realise that the Imperial Airways does not only come to India to bring passengers from Europe—and I would have the House observe that it is not only from England, but from Europe; there is nothing to prevent a Frenchman, an Italian or anybody else from booking his seat and coming to this country by aeroplane—but it also allows Indians to go from Karachi to Europe. It is improving the service for India; it is saving time for Indians just as much as it is for the English coming here. That is a point which I do not think has been appreciated and that is why I feel that if we only take this question on its own merits and divorce it from the ill-deeds of Government on other matters, it is worthy of our support. I do not suggest the Government should be asked to form schools to train mechanics or pilots at once because it will be very expensive and because there will not be employment for these pilots at once after they have been trained. It is no use training hundreds of mechanics and pilots if there is no work for them to do. At the present moment an Indian pilot has been coming to me at the hotel; one Indian pilot, and he says he cannot find a job in India. What is the good of training these pilots if there are no jobs for them to fill? Let us start civil aviation, I do not care whether it is with an English line or even a Russian line, but let us first start aviation services in this country for passengers and freight. Let us put in a clause to say that that company, at its own expense, must allow so many apprentices to be trained, that is a good clause which does not cost us anything. Let us, if we like, add on to a technical school an aeronautical branch. That is sound. If we can find people generous

enough to found an aeronautical chair at a university, that is also sound. That will enable my friends the professors to give lectures on the subject. I have no objection to that, for these are all questions that concern civil aviation. They are entirely different from the military problem. I am not saying I have not got a great deal of sympathy with India in its desire to have an Indian Air Force, but if we want an Indian Air Force, it has got to be a purely military force which has got to be established as such. It is no good saying—why can we not put our Indian youths into the existing Royal Air Force as we pay for it? That is perfectly true, but if you hire a motor car you pay for the motor car, but it does not mean that they will let you drive it. If you want to drive a motor car, you have to have your own motor car. There is a solution, have an auxiliary Air Force, and attach it to the Air Force as an auxiliary. But I think the best way of making a start is by forming light aeroplane clubs first because that is the way you are going to give early training to the adventurous young men of the country who will be prepared afterwards to join your Air Force. I do hope, Sir, therefore, that the House will not support the rejection of this Demand or if it must that it will be in the form of an amendment which will leave at any rate the item of Director of Civil Aviation intact.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I did not expect to take part in this debate but the way in which the Honourable Member in charge has referred to me in one or two respects compels me to take a little time of the House. I am prepared, Sir, to confess that the figure of 30 lakhs of rupees for Aviation which I remember to have mentioned on the motion the other day on this same subject was picked up by me from a newspaper here, and I told the Honourable Member so a few days back. Despite my assurance as to the source of the figure, my Honourable friend thought it worth his while to mention this to-day as, I suppose he wanted the House to be free from any effect that might be produced on any Honourable Member's mind by my statement that Rs. 30 lakhs will be spent next year. I am prepared to say that I had not seen this figure in any official paper submitted to the Standing Finance Committee.

Next, Sir, regarding the Standing Finance Committee meeting of 2nd March 1925 where my Honourable friend did me and my other two colleagues, Mr. Shanmukham Chetty and Mr. Gaya Prasad Singh, the honour of mentioning our consent to a part of this grant in 1925, I wish the Honourable Member had included in his very elaborate speech a little more of the proceedings of that Finance Committee meeting. The only two other members who were present at that meeting—Sir Walter Willson and Sir Darcy Lindsay—who are not in the House at the moment may perhaps remember that I was one of those—the Honourable Member in charge himself was not present then but his colleague the Finance Member may remember—that I was one of those who opposed that grant and it was at my instance, if I may say so—and I speak subject to correction by my two other colleagues—that the grant was passed on three conditions. I will now read to the House—I am reading from page 214 of the proceedings—those conditions. One was that the grant “involves no additional expenditure, being merely in the nature of a set off on materials imported for the works.” To begin with therefore the Finance Committee, including my two colleagues and myself, did not agree to a single pie being spent out of Indian revenues for this purpose. These conditions contain the main

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point of agreement. The Committee agreed to this on the understanding—and this is the essential part of our consent which the Honourable Member might have brought out in fairness to us—the Committee agreed on the understanding that their view would require reconsideration if the cost of the acquisition of land exceeds 1½ lakhs. They also desired to make it clear:

- (a) that their acceptance of the present proposals would not commit them to any further expenditure on the scheme:

which hardly gives my Honourable friend any opportunity to rely upon this consent of ours for the scheme to-day:

- (b) that steps should be taken to ensure that in the event of the service being made over to a private company the expenditure now incurred by the Government will be fully recouped:

a rather important stipulation if the Honourable Sir Bhupendra Nath Mitra had only cared to read this—and

- (c) to see that the Government of India will retain a voice in the management of the Service.

I still, Sir, to-day stand by the acceptance of this our agreement to the grant of 1½ lakhs on these three conditions. The Honourable Sir Bhupendra Nath Mitra will see that what he has proposed to-day is something quite different, and if I may say so it does not bear any relation to the consent that we gave.

The question to-day, Sir, is one of deciding the policy; and in this also perhaps I am the culprit for bringing this matter before the Assembly. It was I who suggested at the Standing Finance Committee this year that no more money should be spent on Civil Aviation which is a votable item, until the Assembly decide the policy to be pursued. I therefore wish to-day, Sir, to put before the House a few of the view points on this question which I submit they must bear in mind before they finally decide upon going ahead with this or stopping short at the present position, namely, after having carried out our commitments in accordance with what we are told is an International Convention to which India has the honour of being a party. I believe, Sir, that the base at Karachi—and I speak again subject to correction—we were told was necessary to enable us to carry out our agreement to the International Convention. (*Honourable Members on the Government Benches*: "It is not".) If you say it is not, it may not be; but I understood, I had a recollection, that it was. Now to-day we are told, Sir, that the air service is likely to be a very necessary means of transport in India. I wish to ask, Sir, whether this House is justified in advancing this rather big step in our methods of transport when we know that for the bulk, the masses of our people, the old country cart still continues to be the means of transport. I know of a few Honourable Members of this House who are very keen to have a scheme for better roadways in order that the villager may be able to transport himself and his crops in a more comfortable or in a cheaper and faster manner than at present. From the ordinary country cart to the railway, from the railway to the motor car, and now from the motor car to aircraft appears to me, Sir, to cause a still wider gulf from what the masses of the country still unfortunately are not able to improve upon, namely, the old cart. It is for this

House to decide whether they will go in for civil aviation; but I feel that in that case the House is entitled and must insist upon knowing what it is that the House is being led into. It is said somewhere in this Memorandum that in order to start civil aviation it will be necessary to give subsidies to private companies. Have we any idea of what the amount of the subsidy required will be and, if we have not, is it not necessary to find out what it is going to cost the State before we are asked to start upon what I am afraid is only the first instalment of expenditure, namely, an expenditure of 10 lakhs of rupees?

I feel that one need not be so cautious and conservative as to say that rupees 10 lakhs should be spent on aerodromes. But the question is are we in a position to utilise these aerodromes and if so who is going to use them? Is it private companies and if so what will private companies demand by way of subsidies if they are to start? Or is it going to be done by the State as a department and in that case what is the State going to lose on it? I cannot forget, nor do I think the House can forget how in the earlier days railway companies were asked to come in after being guaranteed dividends even in years of loss and we know how after having earned interest at the expense of the tax-payer for a period of 20 or 30 years, later on they shared handsomely in profits. The whole question therefore to my mind is this. It is up to the department to tell us what expenditure would be incurred in the first five or seven years either by way of subsidy to a company or by way of loss if the State ran the air service. I feel that we have in view of our commitment to the International Air Convention to provide the necessary facilities and I understand that those facilities are before now fully provided. The next question therefore arises, are we going to supply what after all compared with what the masses are able to enjoy will be a luxury for what I think the Honourable Member called "the important foreign commercial interests" at the expense of the tax-payer? In that case we are entitled to know whether it is going to be Rupees 10 lakhs for subsidy or 20 or 2 or whatever the amount may be. If some idea could be had of that perhaps some Members on this side of the House may even be able to see clearly as to what is going to be done after we have provided the aerodromes.

I have heard with very great attention my Honourable friend Sir Victor Sassoon's very strong recommendation and I can fully understand the whole-hearted support which he is prepared to give to the scheme, but I ask even Sir Victor Sassoon whether as a business man he would first go in for an outlay of Rupees 10 lakhs on aerodromes and then inquire as to what subsidy would be required if those aerodromes have to be used by any body. Supposing we were told next year or 18 months hence that a subsidy of Rupees 20 lakhs a year is absolutely necessary before the aerodromes can be used, I know what the Honourable Member will say. Will he not advance the plea that we were a party to spending 10 lakhs on aerodromes and they are now lying idle? Therefore I feel that it is putting the cart before the horse. Let us have the whole scheme before us, at least some approximate idea of the cost involved. I do not say that any tenders need be called for now. Give us an approximate idea as to what it will mean if we are to make a beginning. If any very huge amount is required for starting the air service and if the Assembly feel that it is not an amount which they could lightly spare at the moment, I suppose there will be no objection to putting the scheme off for a few years more. I have

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particularly in mind what was said about the air service abroad. I read from paragraph 15:

"Apart from the grant in aid of four lakhs to the air ship scheme, which will be recouped by extra customs duties, India will, if she complies with the demands so far made of her be contributing about £15,000 to the two commercial air services to be inaugurated shortly; the contribution of the British Government will not be less than £2,000,000. . . . So comparatively small a contribution will obviously not entitle India to a voice in the conditions on which the contracts for these services are given out and the Air Board consider that the time has come for Government definitely to accept the principle of subsidising commercial air services from Indian revenues subject to the conditions that Indian capital should be invited", etc.

Sir, £2,000,000 a year may be a fleabite to Great Britain but £15,000 a year is a considerable sum to India and if such a sum as that is not enough to entitle India to a voice in the conditions on which contracts are to be given out, has the Honourable Member any idea as to what amount will be considered adequate in order to get that privilege? I wish, Sir, that instead of telling us of all the great glories which await us in civil aviation in the near future the Honourable Member had given us a few more hard facts and figures on which we can decide this question. I am afraid until he is prepared to tell us what this will lead to, it will be difficult for many on this side of the House to support the grant that is now before the House.

**Mr. Arthur Moore:** Sir, I find it a little difficult to follow the argument of Sir Purshotamdas Thakurdas. It is surely quite plain from the memorandum on the Air Force that the policy is to subsidise to some extent a private company. There is no question of the State undertaking civil aviation at the present juncture.

**Sir Purshotamdas Thakurdas:** Why not?

**Mr. Arthur Moore:** The declared policy of the Air Board is to subsidise private companies.

**Sir Purshotamdas Thakurdas:** I do not want to interrupt the Honourable Member, but I would like to tell him that there is the alternative of State management and ownership.

**Mr. Arthur Moore:** I did not quite hear the Honourable Member.

**Mr. President:** The Honourable Member will hear him if he resumes his seat.

**Sir Purshotamdas Thakurdas:** I said the alternative to a private company and a subsidy is State ownership and State management. Surely that is the alternative.

**Mr. Arthur Moore:** The alternative has not been accepted by the Air Board.

**Sir Purshotamdas Thakurdas:** Do I understand the Honourable Member to say that the Air Board considered and rejected it. It is not in the Memorandum. The Finance Member says "No" if I understand him rightly.

**Mr. Arthur Moore:** To my mind the Memorandum is unambiguous.

**Sir Purshotamdas Thakurdas:** Perhaps the Honourable Member in charge might inform us.

**The Honourable Sir Bhupendra Nath Mitra:** The Honourable Member was probably not listening when I made my speech early in the morning. I made it clear why the Government have for the present accepted the idea of the Air Board about a subsidised company.

**Mr. Arthur Moore:** Then that point is settled. I understand that Sir Purshotamdas Thakurdas really says we cannot vote 10 lakhs for the provision of landing grounds because we do not know how much at some future date we may have to give by way of subsidy. But surely you would never get tenders from companies unless you first provide some proper facilities for companies. The first thing is to provide aerodromes, and then to call for tenders; and when the Government have got the tenders then I suppose Government will come to this House. Surely to say that we should not provide aerodromes at all because we cannot tell what the size of the subsidy will be is simply a form of obstruction, and of placing an embargo on civil aviation.

Sir, I listened last week to the speech of Mr. Chaman Lall and to some of the speeches on the Benches opposite to-day with a good deal of depression. We have before us what seems to me one of the most inspiring of issues, and we have had it treated with a mixture of suspicion and national shortsightedness. One of the arguments seems to be that civil aviation is in some way disguised military aviation. Well, Sir, military aviation will surely take care of itself. We may be quite sure that Great Britain is not going to allow the standard of air defence in this country to fall below the margin of safety. If landing grounds are necessary for military purposes, landing grounds will be found. If money is required for military aviation, money will be found. Therefore military aviation has nothing to fear. There is absolutely no reason to bring forward military aviation in a disguised form as civil aviation. We have heard of the link between civil aviation and military aviation. There is a link, Sir. There is a link in this sense, that I do not see how a country in future is to have a great military aviation unless it has a civil aviation. It is on the basis of the mercantile marine that the navy has been built up. But to say that civil aviation is based on military aviation seems to me to put the cart before the horse. Therefore, I think we ought to be allowed to-day to treat this subject of civil aviation entirely by itself as what it is, a separate issue. And on that a good deal of attack seems to have come through misinformation and misapprehension. Diwan Chaman Lall, who, I am sorry is not here, seemed to think that the whole object was to assist out of the funds of the Indian tax-payer the Imperial Airways Co. (*An Honourable Member:* "There is no doubt about that.") "There is no doubt about that" says an Honourable Member. Well, Sir, Sir Victor Sassoon has given us an explanation on that point, and I can add a little to it because I take a great interest in this question of civil aviation. Last June when I was at home I went to the civil side of the Air Ministry and saw Sir Sefton Brancker several times on this very subject, and I can tell Members that so distinct is the civil side from the military side that it is housed not only in a separate building but in a separate part of London. And Sir Sefton Brancker and the Air Ministry satisfied me that not only is it not proposed that the internal Indian services should be operated by the Imperial Airways Co., but that it is not desired or desirable. The Imperial Airways Co. is a subsidised combine, subsidised by the Imperial Government largely in order that it may provide overseas links between different parts of the Empire. But every part of the Empire is expected to provide, or not

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to provide, its own internal services, and the Air Ministry would prefer that new companies should come into being. They do not wish to be accused of stifling private enterprise by subsidising one company; nor do they wish to be left in with one combine. And actually as we know the internal services of Australia and elsewhere are not being undertaken by the Imperial Airways Co. I think that if Honourable Members had read Sir Sefton Brancker's speech at Karachi a month ago some of them could not have made the speeches they have made in this House. Sir Sefton Brancker expressly said that he wished to see an Indian company formed with Indian capital, and that he would like to see it not only operating the air services but training pilots and, further more, engaged in manufacturing aircraft. He wants to see, not only air services but a manufacturing industry established in India. And when we have before us the prospect of a new and fine career for Indian youths, is it possible to treat it properly in this atmosphere of suspicion? Sir, what I would like to see is more of the atmosphere of self-help. If Members are in earnest, let us have this Indian company. If Members are in earnest about light aeroplane clubs, let us have the light aeroplane clubs. The Government cannot form a company; Government cannot form light aeroplane clubs. Let us follow the ordinary procedure. This is private enterprise. Let us form this company and these clubs, and when we have formed them, then let us go to Government for help. I would like, Sir, to examine the nationalism of the Honourable Members who oppose this grant. We were told, if we do not vote this money, if we do not have civil aviation, the Home Government will be forced to do it; so let us force them to do it. Sir, is it possible for us to imagine a more fatal surrender than this for people who look forward to becoming a self-governing country with Dominion status? Are we to go to the Home Government, fold our hands on our breasts and say, "We are poor and weak; you are rich and strong, will you do it for us? Will you run and operate these services over our heads?" That is a fatal surrender to make, and it is a surrender which I find it very hard to imagine the people of Australia or the people of Canada making. Therefore, I would strongly ask Members on the other side not to follow that fatal and disastrous course. There was another point on which Dr. Moonje did not disappoint me but on which Diwan Chaman Lall did, and that was his imagination. He threw scorn upon the idea of flying. He threw scorn on the idea of Pandits in aeroplanes. He asked, "who cares two straws?" Well, Sir, we are in the presence, in our own time, of the greatest historical event that has ever happened. I do not think that if you went back to the time when man first put a boat upon the water or struck fire from stone, you would find anything comparable to the power of flight. We are at the beginning of a new era. We live in a country which has every opportunity of forging ahead. We have a fine flying climate. We have ground transport by rail and inland water very little developed. We have enormous distances between the great centres, enormous opportunities of saving time. Therefore, we have every advantage over the West. Are we to throw that advantage away because Members lack imagination? Sir, I wish I could say how much I feel upon this point. The first time I saw an aeroplane in the air I murmured the modern equivalent of a *Te Deum* or a *Magnificat*. I look forward to the time when we shall all fly as naturally as we walk; and when Members will leave their wings in the cloak room before they take their seats in this House: that is, Sir, unless you rule that wings are in order, in which case we shall bring them into the



House. When the Honourable Member poured scorn upon Pandits on aeroplanes I was reminded of a recent reference in Bengal to Pandits and elephants. Well, a Pandit upon an elephant is no doubt a very fine sight. But finer far is a Pandit upon an aeroplane. One is never too old to fly. I look forward to seeing Members flying. I remember, Sir, that as regards myself, when the war came the War Office looked down its nose at me and told me I was far too old to fly. It offered me instead, rent-free a bit of trench. Well, Sir, three years later when I had become three years younger, I was enabled, entirely through the good offices of our present Air Vice-Marshal, to acquire a pair of wings: and therefore I feel sure that I shall yet see Dr. Moonje and Mr. Duraiswamy Aiyangar flying:

“ With the pride and ample pinion  
That the Theban eagle bear,  
Sailing with supreme dominion,  
Through the azure deep of air.”

**Several Honourable Members:** I move that the question be now put.

**Mr. Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan): Sir, I oppose the grant, and I hopefully trust that all the Indian Members of this Assembly will most deeply and seriously think of this new department and join hands in voting down the grant. The motion for the grant was first submitted to us, the Members of the Standing Finance Committee, on the 27th January and 4th February. But as the grant involves almost a new item of expenditure and the creation of a new department and also contains policies and principles of great significance and of a controversial nature, we, without committing ourselves in any way, unanimously agreed to refer the matter to the consideration of the whole House. Since then, Sir, I kept on regularly thinking of all the *pros* and *cons* of the subject. In the meantime I visited and carefully watched the great display of the Royal Air Force which was so magnificently and diplomatically arranged by the military authorities on the 21st February and also enjoyed the Vickers Victoria aeroplane pleasant flights which were so kindly and cleverly offered to us only a day later. Sir, after all this consideration, experience and enjoyment, my doubts against this system of a so-called Government and all their doings of the past naturally grew stronger and the decision I have arrived at, I am afraid, will not please my Honourable friend, Sir Bhupendra Nath Mitra, and his other colleagues on the opposite Benches. The Government Members have got the happy knack of generally complaining against a presumed want of experience and technical knowledge on the part of the Members on this side of the House in the actual administration of old departments and sometimes laughing away our considered remarks, howsoever true, definite and accurate they may be. In this matter of aviation, I trust their claim of monopoly of all that is good and wise will not be repeated, for this is entirely a new department dealing with an entirely new subject of which they too have got no experience. And we, the Indian Members of this House, ought to consider this vital question in the light of the sad experience we have gained of the past actions and policies of this Government and their British masters. Through the memorandum, note and speeches, the policies to be adopted by the Government, the responsibility of India to other countries in matters of aviation, the innumerable advantages the proposed civil aviation will

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shower on our countrymen and also the danger of India's lagging behind other countries in this sphere of the world progress have been most emphatically described. But I do not see my way to agree with any of these. I do not find a tinge of truth, good-will and sincerity in the whole affair.

The Imperial Air Service is going to be extended to India. The service between Egypt and India and between England and India will so commence. The Government of India, with the customary pretension of protecting Indian interests, is anxious to have an effective voice in its administration. For this, meteorological facilities costing the country sums of Rs. 12,000 (initial) and Rs. 28,000 (recurring) have to be provided for the present and this has already been sanctioned. The House must know that they will have to spend much more in future on this account. Besides landing grounds, an airship base and aerodromes and also all necessary equipments for them at Karachi at an approximate cost of Rs. 5,50,000 have to be provided and this too has already been sanctioned. For a sum of Rs. 10,66,000, of which Rs. 70,000 will be met by reappropriation, your sanction is invited and this will be spent on the selection of sites at Bombay, Rangoon and Calcutta. A lakh or more you will have to provide in the Budget for the next year. This is only the beginning of a grand project. Moreover, you are going to accept a share in the financial responsibilities of the Imperial Airways, Limited, for service between Egypt and India and between India and England. Besides, a subsidy is to be given to the Company for service between Calcutta and Rangoon. What the actual amount of these liabilities and the said subsidies will be nobody can predict now. Sir, I utterly fail to understand these policies. If it be admitted that this Government is only a joint-tenancy of joint British zamindars and masters and as such they have to obey the orders of these masters, everything is intelligible and there is no help. But if the Government claims even a shadow of sovereign rights over the Indian territories and if this House is the Central Legislature of the country in any sense, why shall we spend so much money on this account? What do the Government mean when they say that the landing grounds and aerodromes and their equipments should be the property of Government? Is not the Government the supreme owner of all that is contained in and belongs to this territory? (Mr. K. Ahmed: "What about the Bengal landlords, the Bengal Tenancy Act?") How can any foreign company use any portion thereof without the Government's orders and consent? Without spending a pie over it, the Company shall have to run the service on our own terms and subject to our control. And then the questions of liabilities and subsidies do not arise. Besides, the Government have to explain the reasons why this amount is not included in the Budget for the next year. Is it not a fact that they have spent the money first and come to ask for sanction afterwards? The House should make it a point to discourage this method. It is no argument to say that, as we have already spent a large sum of money over this affair, we should spend still more now in the pursuit of it. We know it as a fact that much of the country's money spent by the Government is a mere waste. The amount already spent in this matter will be put in the same category. It is no good arguing that this Assembly has already in previous years accepted some of the principles and sanctioned a large sum of money for expenditure over it. We take it as one of our mistakes which we were led to commit through the bureaucratic deception and intrigue. We are not going to repeat the same.

Next came India's obligation to other countries in matters of aviation—which obligation, it is alleged, has been imposed on India by the International Air Convention of October 1919, to which, it is further alleged, India is also a signatory. We have long been deceived by such camouflage and catch phrases. So long as either the Indian National Congress or at least the elected Members of the Indian Legislature have not sent a delegate of their own to represent India in this or any other International Conferences, and so long as the decision arrived at there has not been ratified by the Congress or the Assembly of the elected Members, it is a downright lie to say that India was represented on the said International Conference or that she is a signatory to this decision. The word "India" cannot mean the few representatives of British bureaucracy who come in turn and temporarily stay here only to exploit the country's resources to the utter ruin of her legitimate sons. India means the 33 crores of the people of this country, who, what to speak of being represented in the League of Nations, have not got a voice in the affairs of their own country here. In the circumstances, I repeat my remarks again that it is a rotten lie to say . . .

**The Honourable Sir Basil Blackett:** On a point of order, Sir. . .

**Mr. President:** Order, order. The Honourable Member must be more discreet in the use of adjectives in his speech. He ought to have some regard for the dignity of the House of which he is a Member.

**Mr. Ram Narayan Singh:** I withdraw my remarks, Sir, but this is my feeling. I refuse to believe that India was represented in the International Conference. It is therefore that India has nothing to do with, and is not bound by, any decision of the said Convention.

Next comes the question of advantages to the people of India. Besides ordinary advantages, opportunities will be afforded for the investment of Indian capital and training and employment of Indian pilots and personnel. Is it not only a theory never to be practised? From the days of Queen Victoria to the day of this our discussion in this House, have the British *maliks* done anything to fulfil any of the promises contained in the Queen's Proclamation? What about the training and employment of Indians in so many departments of the Government that are already in existence? Has the Indianisation of services been effected in any appreciable measure in any department yet? Any honest man, even the Government Members on the opposite Benches, will say "No." Is it not a pity that after centuries of British occupation and management of this country, millions and millions of poor men's money is every year sent to a foreign land as the price of articles and stores . . .

**Mr. President:** Order, order. Is the Honourable Member talking on civil aviation?

**Mr. Ram Narayan Singh:** Sir, I am. We have got sad experience in the past.

**Mr. President:** I am afraid the Honourable Member must be relevant to the question before the House. I have allowed him sufficient indulgence in this matter. If he has no better arguments to adduce, he had better resume his seat.

**Mr. Ram Narayan Singh:** I am talking relevant things. Of course it may not be agreeable to others.

Absolutely no attempts have been made to produce such things here. Will an Indian be appointed as the first Director of Civil Aviation? The

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answer will be "No." Will the Honourable Indian Members of the Assembly allow the creation of a new department to-day only to cry in the wilderness for its Indianisation to-morrow? Have we not already been deceived too much? Are we not aware of the fact that whatever the British people have been doing since the days of their advent in this country, they have been doing only to destroy our manhood and to enjoy our wealth? Do we not understand that by the introduction of civil aviation and the establishment of a net-work of airship stations throughout the country, the hold of the British people over the country, which is already too much, is going to be finally and permanently strengthened and established? Why only this? During a slight anti-Government agitation, constitutional or otherwise, all these airships will be mobilised and even peaceful meetings of citizens will be made impossible.

If my opinion is regarded as dreadfully sentimental and hopelessly imaginary and my statements are only baseless imputations, I sincerely wish that they may be proved to be so. But if the department to be created is to be meant for the good of the country and to be finally manned and managed by Indians, I suggest this. Please establish a large number of State scholarships and the sum of Rs. 9,96,000 will be sufficient for the present. Grant these to deserving Indians and send them to foreign countries for qualifying themselves as technical experts in every branch of airship concern. Next open colleges with some of the said experts as professors for training Indians in the art of aviation and also open factories in this country for the construction of all sorts of air-ships. Then begin the service throughout

4 P.M. the country with these Indian-made airships and wholly manned and managed by Indians under the control of Indian Ministers responsible to the elected Members of this Assembly. This will take time and require a large capital, but I believe that an honest Government can easily manage all this.

Lastly, let us examine the Air Board's note of warning that if India lags behind in this sphere of world progress, foreigners will occupy the field and Indians will be nowhere. I have already pointed out that this is a wrong hypothesis. Besides, if the air service is managed by the British people, as it is proposed to be done, or by the Germans, in case it is left alone, for us they both are equally foreigners. Moreover, it is a fact that the British people have proved themselves to be the worst enemies of the country.

**The Honourable Sir Basil Blackett:** I rise to a point of order, Sir. What has this got to do with civil aviation?

**Mr. President:** Will the Honourable Member conclude his observations now?

**Mr. Ram Narayan Singh:** Only two minutes, Sir.

**Mr. President:** I must observe that the Honourable Member is very irrelevant.

**Mr. Ram Narayan Singh:** I accept your ruling, Sir, but I do not agree that I am irrelevant.

**Mr. President:** Order, order. Then I must ask the Honourable Member to resume his seat.

(The Honourable Member then resumed his seat.)

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): I must say, Sir, that there is a great deal of misapprehension in regard to this matter. The question really, as far as I can see, is this, whether the scheme which is now placed before us with regard to internal aviation should be approved. It raises so many questions. Sir Purshotamdas Thakurdas raised a point and he said that what is contemplated is a company which will be subsidised by Government and he thought that the House had not before it the exact terms upon which a private company will be subsidised. Now, he looked for the passage but he was not able to find the passage. For the moment I will read to the House a few lines. This is what the Air Board say in their recommendations:

"The Air Board are naturally not in a position to put a definite figure on the amount of the subsidy that will be required, or a definite term to its duration, the amount and duration can only be ascertained when tenders for the service have been received and negotiations with a prospective company are in actual progress. But no firm or company would undertake the trouble and expense of making the investigation necessary before it could tender for the service, if the principle of a subsidy had not been accepted by the Government of India, and there was a possibility of their refusing thereafter to consider the grant of a subsidy at all.

If the principle of granting a subsidy to a company operating between Calcutta and Rangoon is accepted by the Government of India, the next main stage will be to call for tenders for the service on stated conditions. The Air Board recommend that this be done as quickly as possible, but not before the Government of India have the advice of the expert officer whose services, it is subsequently recommended, should be obtained from the Air Ministry."

Now, Sir, it is said that once we accept this policy, a company may be formed, and that company will no doubt make a tender and it is contemplated here that there may be more than one company; and if there is more than one company they will all tender, and the Government will accept the best possible terms that they may be advised to accept and subsidise that company. That, I understand, is the recommendation, but it is said that the Government do not tell us, they do not give us any idea, as to how much that subsidy will cost us. That is really the point which Sir Purshotamdas made. Now, Sir, may I ask the Government what is their position? I understand that they have not decided yet whether they will accept the tender with a subsidy or whether they may run it as a State Department, but this House very naturally says, "If you expect us to accept this policy, once we do so, then having taken this power, having got our sanction to this policy, what will you do, what control have we over you? (*An Honourable Member*: "Next year's Budget!") I am only placing before the House a point of view. I am in favour of civil aviation being started in India. I realise the great potentialities of the proposed scheme. I do not agree with my friend Dr. Moonje who has got on his brains "British diplomacy" of late having left his Nagpore diplomacy behind. He says first of all, throw open Cranwell to us. Then next he says, give scholarships. Then he says, start schools and colleges for training Indians before we vote this grant. He wants to fly too soon. He knows perfectly well that if that sort of argument was advanced, it would never do to deal with any scheme from a practical point of view. I may say I will throw out the Military Budget because you have not given us Sandhurst. I will not pass it. I might say to Government, "You have not met us with regard to the constitutional issue. I will throw out everything." If you start on that line, then every thing is wrong, and whatever you say is right. But that is not the way in which I can deal with this question on the floor of this

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House. Here is a proposal which involves what? It involves acquiring aerodromes in three places, Bombay, Calcutta and Rangoon. The scheme is that we start internal aviation between Rangoon and Calcutta, and Government say, "Before we can put this idea into execution we must acquire these aerodromes and the cost will be so much and hence this demand. Whose property will it be? The property of the Government of this country. But I quite agree here that we must have definite assurances, and I suggest that the Honourable Member should tell us as to what extent they will be consulting this House, when we accept this policy, with regard to the question of accepting tenders from the company or companies, and what will be the character of the company, the extent of subsidising those companies or company, and whether, if they decide to run this service as a State Department, they will follow or be under the control of anybody, and if so, who will be responsible for this Department? The Air Board recommend that there should be a Director of Civil Aviation. I do not understand yet whether when that officer is appointed the Board will come to an end. I should like to know whether the Board will come to an end. They say that the Director will take over the functions of the present Air Board. The Air Board is at present constituted as an advisory body to the Government of India in the Department of Industries and Labour. The members of the Board are all engaged in other onerous duties which entail in many cases frequent absences from headquarters; consequently meetings of the Board are not easy to arrange, especially in the cold weather, and delay must naturally occur in the transaction of business. The Department of Industries and Labour must necessarily require competent advice in dealing with the novel and frequently difficult questions which arise in connection with the development of civil aviation, but the Air Board consider that that advice can be most expeditiously obtained through the medium of a single officer, who would of course be in the closest touch with the Royal Air Force and other authorities, and that on the appointment of such an officer, the Air Board itself might cease to exist. If the Air Board ceases to exist, we shall have the Director of Civil Aviation and the Executive Government, and if we adopt this policy what is the position of this House in regard to it? Where do we stand? (*An Honourable Member*: "Give bounties!") If we look at it from a purely economic practical point of view, and accept the policy, I want Government to give us an assurance, so that we may have a definite hold both over the Honourable Sir Basil Blackett and Sir Bhupendra Nath Mitra. The Government are very reasonable when they want us to vote a grant. Government are very mild and meek when they want to obtain the sanction of this House to a policy, but when it comes to execution, then we are nobodies and we are nowhere. Therefore I want a very definite and very clear statement on behalf of Government, whether Sir Basil Blackett will have the honour of making it or Sir Bhupendra Nath Mitra will have the honour of making it. I leave it to them. I want a clear statement as to what will happen to your Board. Is it to cease? I say the Board should not cease. I say we should have a Board and that Board should consist at least of 50 per cent. of the representatives of this House. I say, have your Director of Civil Aviation. I entirely agree that the Board cannot always be advising the Government on technical matters constantly arising. You want a Director of Civil Aviation, an expert officer by the side of the Honourable Member in Charge. Have

him by all means. I think you should have him. Then the next question is, what assurances are you going to give to this House that if any company or companies make tenders, and if you fix a subsidy, in what way will you decide that? Will you take us into consultation with you or not? Will you consult this House and what do you propose to do with regard to that? The next thing I want assurances that, if you have this officer, the Director of Civil Aviation, whose salary will be a very handsome one at any rate as far as I can see, will he or will he not be directed by the Government immediately to prepare a scheme for giving training to Indians in the matter of civil aviation? These are the matters upon which I wish to be assured by the Government, and if the Government will give us those assurances I am willing to consider and support the Government and am ready to be captured on my terms.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural): Sir, when my Honourable friend, Dr. Moonje, said that he was not to be understood to be opposed to the policy of encouraging civil aviation in India, he was expressing not merely his individual sentiments but what I believe is the feeling of almost every Member of this House. Far be it from me to suggest even for a moment that India should lag behind other civilised countries of the world in the development of her aerial transport. Government have come forward with a demand for a supplementary grant to inaugurate civil aviation, and this House would naturally be inclined to examine the scheme put forward by Government and satisfy itself whether the policy to be inaugurated would be in the best interests of this country. The issue before the House, in my opinion, has to some extent been complicated by reference to the subsidy that we made to the British Government and the purchase of the aerodrome at Karachi for the Cairo-Karachi service. I was a member of the Standing Finance Committee which approved of this scheme, and like my Honourable friend Sir Purshotamdas Thakurdas, I stand by that scheme and I do not repent having given my acceptance to that. But that is past history and we are unnecessarily complicating the issue by bringing in the question of the subsidy to the British Government and the purchase of the aerodrome at Karachi. Government have now come forward with a demand for a grant of Rs. 9,96,000 for certain purposes which are supposed to be a first step in the direction of developing civil aviation in this country. Sir, my objection to the grant is that Government have not given in the Memorandum that has been supplied to us any clear indication as to the policy that they propose to pursue in the future with regard to the development of civil aviation. They have just placed before us a scheme for the purchase of three aerodromes at Bombay, Calcutta and Rangoon. Though the purchase of aerodromes is a very essential step in beginning civil aviation, I maintain it is not necessarily the first step in that direction. Sir, the mere purchase of aerodromes throughout the country and the establishment of an air route all along will not by itself help us in developing civil aviation. In my opinion Government must take certain other definite steps before proceeding to acquire these aerodromes. Government have very wisely decided on making a provision for appointing a Director of Civil Aviation. That is certainly a first step in the right direction, but the provision for the establishment of this office is included in the Budget for 1927-28 and is not therefore before us now. It is not therefore necessary for me to say

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anything about this proposal except to say that it is a step in the right direction.

Having made provision for the appointment of a Director of Civil Aviation, Government must then take steps for establishing or subsidising companies for the purpose of internal flying and also to provide suitable facilities for training Indians as air pilots. I would first deal very briefly with the question of training Indians as air pilots. My Honourable friend Sir Victor Sassoon told this House that it is not the function of the Government to provide either schools or training facilities for the training of civilian air pilots . . . .

**Sir Victor Sassoon:** I said it was not so in England.

**Mr. R. K. Shanmukham Chetty:** I do not know whether it is so in England or not, but in Australia it is so. It was in the year 1920 that in Australia they passed the Civil Aviation Act, and what was the first thing that they did? Four additional civil aviation cadets completed their training in January 1924. These cadets are nominated in the first instance by the Controller of Civil Aviation and receive pay whilst undergoing training for a period of about 12 months. Their uniform, cost of training, etc., is borne from Royal Australian Air Force funds. That was the first step Australia took in the direction of developing her civil aviation. It was in 1920 that they passed that Act, and in 1923 four civilian cadets had graduated as pilots as a result of their training at No. 1 station in the Royal Air Force . . . .

**Sir Victor Sassoon:** Four in three years? English civilian schools turn out more than that.

**Mr. R. K. Shanmukham Chetty:** Sir, Australia got four civilian pilots in three years, but the Government of India will not help in getting that number even in 300 years.

**Sir Victor Sassoon:** I have a better opinion of India.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): That is an exaggeration I think.

**Mr. R. K. Shanmukham Chetty:** Even when the Royal Australian Air Force was started as a part of the Australian Defence scheme the first step the Australian Government took was this: In 1912 approval was given for the establishment as a part of the Army organisation of a central flying school for the training of aeroplane pilots. That was the first step that they took, even when the Royal Air Force was started. Sir, we were told that the Air Force in India is a British unit. Though we pay for it, we have no control over it and no provision is made in the Royal Air Force here in India to give any suitable training facilities to Indians as air pilots. I would therefore expect that, as one of the first steps in the direction of encouraging civil aviation in India, Government would make arrangements for providing training facilities for Indian youths. In the scheme that has been placed before us, we get no indication at all of any steps in this direction. My Honourable friend Dr. Moonje points out that there are 60 civilian air pilots in Japan . . . .

**An Honourable Member:** What is the authority.

**Mr. R. K. Shanmukham Chetty:** A book. (Laughter.) Sir, the other important step in the direction of encouraging civil aviation would be the



promotion of an indigenous company and Government coming forward to subsidize the concern. It has been the experience of almost every country in the world that no private company for civil aviation could be formed without a substantial subsidy from the Government of the country. There is no use our getting away from the fact that if we want to develop aviation in our country, it can only be done by Government undertaking to give a substantial subsidy to a private company, unless it be that Government is prepared to run the service as a State concern, State-managed. (*An Honourable Member*: "It would cost more.") I would therefore have expected Government to give some indication in the memorandum as to what they propose to do in this direction. (*An Honourable Member*: "It is there.") Is it there? I leave it for my Honourable friend to show where it is because I have not been able to find it.

As I began by saying, our objection to the Demand now put forward is this, that the mere purchase of three aerodromes would not take us very far towards the establishment of civil aviation in India. My Honourable friend Mr. Jinnah said, "After all whose property will these aerodromes be? They will be our property." Yes, but I suggest, Sir, that the object of purchasing these aerodromes just now is not so much for the purpose of developing internal air transport in India, but to provide landing grounds for the air service to be established between London and Australia. The service from London to Australia must pass through Karachi, Calcutta and Rangoon, and provision has been made in the Demand only for this purpose. My suspicion in this matter had been justified when I examined the provision that has been made in the Budget for 1927-28. Do we find in the Budget for the coming year any proposal for giving a subsidy to a private company or any other activity in that direction? No. But what is it we find? The establishment of a civil air route across India, at a cost of 1½ lakhs of rupees. You want to get the four main aerodromes at Karachi, Bombay, Calcutta and Rangoon, and you want to establish the civil air route across the country to facilitate the passage of the service from England to Australia. Sir, when I draw attention to this let me not be misunderstood. I am not against India taking her legitimate share in the development of international aviation. Certainly it would be our duty to provide facilities for the air service between London and Australia. But is it unreasonable to expect that before launching upon a programme of international flying we should develop internal aviation? My objection to the whole scheme is that there is no indication to show that Government is going to take any steps in this direction. Whereas in other countries the opening up of railways or air routes offer new avenues for their own youth, for their own citizens, the experience of this unfortunate country in the past has been that the opening of any new enterprise in any direction has only been the means for further exploitation by foreigners. Sir, in this instance, we have no reason to think that history will not repeat itself; and this suspicion is one of my grounds for opposing the grant.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, the question before us is of such great importance to the country that I wish that a clear understanding were arrived at even at this stage between the Government and this side of the House. Many Members have made it clear that we are not opposed to Civil Aviation as such, but we are very anxious that if the Government desire that public

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money should be spent in subsidising companies or affording facilities to them to start an Air Service or to use India for that purpose there should be a new policy inaugurated at this stage. When railways were introduced into this country India was unfortunately regarded as very backward in certain respects, and large subsidies were given to English railway companies, and we all know what enormous sums India lost over the contracts given to such companies in the early stages of British Indian administration. To-day, in the year of grace 1927, the same cannot be said of India. We command, the Government of India command, all the up-to-date scientific arrangements and inventions that are in vogue in this country. You have got a Royal Air Force and you are introducing civil aviation. Is there any reason why the Government should not start with a determined, definite policy of encouraging Indians to take their proper share in civil aviation? There are a few points only which I wish the Government to make clear, and I think if these points are made clear the differences which exist between the two sides of the House at this moment will probably be reduced to a great extent. The first is this. You want to subsidise a company. The very thought of paying a subsidy to a company which is not Indian is very unpleasant to many of us. We do not like to pay subsidies to foreign companies. If you want to start a company to carry out this policy, let the Government clearly declare that they are entirely in favour of an Indian company.

**The Honourable Sir Basil Blackett:** They have.

**Pandit Madan Mohan Malaviya:** I am glad to hear the Honourable the Finance Member say "They have". I hope he will make it clearer still because it is not so clear to many Members of this House. By an Indian company I take it the Finance Member means a company with rupee capital and with a majority of Indian directors on its Board. I hope I am right. I see the Finance Member nods his head.

**The Honourable Sir Basil Blackett:** I do not propose to speak by means of question and answer.

**Pandit Madan Mohan Malaviya:** I hope the Honourable the Finance Member will make it clear in his own speech. That is the first thing which concerns many of us on this side of the House. We wish to be quite clear that if a company is to receive a subsidy in the matter of civil aviation it will be an Indian company with a rupee capital, registered in this country and having at least a majority of Indian directors on the Board. If the people of this country are so backward that they will not avail themselves of the opportunity offered to form such a company, with the definite prospect of a subsidy from Government, then I say the Government should decide to take up civil aviation as a State concern. The Government has taken up the huge business of Indian railways under its own management, and even Sir Charles Innes, who was at one time strongly in favour of company management, told us the other day what great advantages have resulted from State-management of railways. If therefore public money is to be spent on promoting civil aviation, I say either there should be an Indian company to receive a subsidy from the Indian Government or the Indian Government should itself take up the concern as a State business and manage it as such. I know there is a danger of extravagance in a State-managed concern. We see it in many directions; even in the management

of railways. As things are going on there is much room for complaint in that direction; but I hope that the Assembly will be able to reduce that extravagance or to bring it under sufficient control. That is the first point I wish to lay before the House. If this is settled then much of the difficulty in the way of a subsidy for promoting civil aviation will be reduced, if it will not disappear.

The second point of importance is the training of Indians. Many of our English fellow-subjects have spoken from time to time of a new era having come into existence. Well, I wish my friends on the other side of the House would co-operate with us in starting a new era in the education of Indian youths. Let us get it laid down that in this matter the first duty of the Government will be to train Indians to take their proper share as pilots in civil aviation. I do not want to go into the details into which some of my friends have gone regarding education in aeronautics; I think that enough has been said to show that if the Government will only make up their minds to do it they will be able to provide for the instruction of Indian youths with as much ease as the Government of England have been able to do, or the Government of Japan have been able to do, or as Governments in all civilised countries have been able to do. Indian youths have not been found to be wanting in capacity in acquiring a knowledge of mechanical or electrical engineering, nor will they be found to be wanting either in capacity or daring if they are offered the opportunity to receive instruction in civil aviation. I therefore request the Government to make it clear that when the Director of Civil Aviation has taken up his work under the proposals before us, the first thing the Government will ask him to do is to prepare a scheme for promoting instruction in civil aviation in this country. I have had something to do with the training of young men, and I can assure this House that English professors who have taught our youth in professional colleges have assured me from their own personal experience that the Indian youth is not wanting either in capacity or courage when he is given proper facilities for education, and I expect Hindu and Muhammadan youth, and youths of all communities inhabiting India—Anglo-Indian, Parsi, Sikh and all—will be able to supply a sufficient number of men of daring and intellect who will take advantage of the provision which Government will make. I therefore request the Government to make it clear that it will be the definite policy of the Government to provide all the necessary instruction for civil aviation to the youth of this country. And the third point is this. We know that we cannot complete our arrangements for instruction in civil aviation in a day in India. Therefore it is not unreasonable to suggest that Government should accept the proposal that certain scholarships should be given to Indian youths to go out and learn aviation and compete in it with the youth of other countries. They will have an advantage in competing with the youths of foreign countries, which cannot be derived at present in our own country. I should like my Indian young men to go to Europe, to Japan and America and win laurels by competing with their fellow-youths of those countries, come back and give training to our Indian youths even as the Japanese gave training to the Japanese in their own country.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Start it in the Benares University.

**Pandit Madan Mohan Malaviya:** If the Government will give the necessary grant, I will gladly start it there. I may be able to do something even without a grant, if no obstruction is thrown in the way of my doing it. But the point I am making at present is, that a few scholarships given to a few Indians for a few years will be very helpful. It was said by my Honourable friend Sir Victor Sassoon that he met an Indian pilot in the last few days who complained that there was no employment found for him in India. It is a matter of reproach to the Government of India that this Indian pilot, who has done successful work in the service of His Majesty the Amir of Afghanistan for several years, should not be able to find employment after his return to India. I hope this is only temporary, and that the Government will be able to see that that gentleman and other Indians who may have received education abroad, are able to get suitable employment in training Indians here in the line which we are discussing. I wish also that Government should express its approval of the desire to start aeroplane clubs in this country. I think that His Excellency the Viceroy might be approached to become the Patron of a central institution for this purpose, and that every Member of the Government and Members on this side of the House should join in starting it. If my friends on the opposite side are willing to put their share in it, I assure the House that so far as Indians are concerned subscriptions will not be wanting from them for this purpose. The last thing I wish to say is that what is wanted on the whole is that the Government should make it clear that it has a genuine desire to do what is right in this matter and that it intends to follow the policy of developing aviation in India through Indians, for the benefit of Indians and for the honour of India.

**Several Honourable Members:** I move that the question be now put.

**Mr. President:** The question is that the question be now put.

The motion was adopted.

**Mr. T. Prakasam:** May I have one word of explanation? I want. . . .

**Mr. President:** I was watching the Honourable Member for some time but found that there was no inclination on his part to rise to take part in the debate.

**The Honourable Sir Basil Blackett:** This debate will, I hope, be looked back to as the great air day of India, the date on which India's future in the air was definitely started. We have, I am afraid, wandered over a good many subjects and the debate has at times, as you, Sir, have had to admit sorrowfully, been a little irrelevant. That perhaps is due to the nature of the debate. I should like to point out to the House that what we are discussing to-day is a supplementary grant of just under 10 lakhs for the purchase of certain sites for aerodromes. We are not officially discussing the future policy, nor are we discussing even the appointment of a Director of Civil Aviation; but the opportunity has been taken, I think very usefully taken, for a general debate on the question of civil aviation in India. I do not propose to touch on the relation between civil aviation and military aviation. We are dealing to-day with civil aviation and we are asking the House to vote a sum of Rs. 9,96,000 for the purpose of purchasing sites for three aerodromes. The simple object of that proposal for the purchase of those sites is to prevent vested interests from getting created against India. We want those sites, the

main aerodromes stations, to be under the control of the Indian Government and we do not want to risk vested interests being created against us in the future. That is the first object of these aerodromes. They are, however, for more than one purpose. One purpose is as has been rightly stated by Mr. Chetty, in connection with trans-India routes. We want those sites for that purpose. Secondly, we want them for the purpose of developing civil aviation in India, and thirdly, we want them as the beginning of a policy of training Indians in aviation. Then as regards next year we propose the establishment of a civil air route across India and the appointment of a Director of Civil Aviation. This is not strictly speaking under discussion to-day, though very germane to the general debate. I think a great deal of the difficulty which we have had to-day is due partly to some of us, like Mr. Duraiswamy Aiyangar, being so busy reading between the lines, turning them upside down, as to forget what was actually stated in the Memorandum. Others have complained that we are only asking for sites and are not asking for much larger sums than we are asking for and that we have not definite figures of what amounts we are going to ask for or the amounts to which the House will be committed though it will not really be committed because it is not asked to-day to commit itself to a policy. Our difficulty in this matter is this. The first thing we have to do before we ourselves know even what our policy is going to be and what it is going to cost, is that we must have a Director of Civil Aviation and must have his advice. We want him to give advice before we can commit ourselves or ask the House to commit itself finally to any policy. At the same time we have the Air Board's Memorandum which lays down certain definite lines on which the Air Board thinks the advance should be made. That advice will no doubt be vetted by the Director of Civil Aviation and reconsidered before it is finally adopted but the Government's view at present is that the Air Board's proposals are on the right lines.

**Mr. T. Prakasam:** May I say one word. . . . .

**Mr. President:** The Honourable Member does not give way.

**The Honourable Sir Basil Blackett:** The Air Board's proposal is that the direction in which civil aviation should be developed in India should be by the creation, if we can do it, of a company which would receive a subsidy from the Government. On that I have been asked several definite questions. My answer is that the Government's definite intention is that, if it is possible, that company should be an Indian company with rupee capital and a majority of Indian directors. The second question is what is the size of the subsidy we propose to give. We do not know. Until the tenders are out, we cannot say how much it will be, but the Air Board's proposal is that we should definitely commit ourselves to the view that without a subsidy we shall not be able to develop these routes at all. We are in agreement with them and I am glad that the House is in agreement with the view that a subsidy will probably be necessary and ought to be given if we are to develop civil aviation routes in India. The question what the subsidy should be is one which will have to be decided when we know how much we can get in return. But the House is not asked to-day to commit itself to the payment of any subsidy. When the Government have reached the point when they have a definite proposal for a subsidy before them, the matter will be referred first to the Standing Finance Committee and then to this House in the usual course for the voting of that

[Sir Basil Blackett.]

sum. The House will in no way commit itself in advance. The Government think it desirable that before they approach a company in this matter they should commit themselves to the general principle that a subsidy will probably be necessary. But if they find that that subsidy is larger than seems reasonable, the Government will clearly have to fall back—and this answers another question—on the possibility of direct Government action of running the thing themselves. It will be a question of cost and of convenience. I may express my own view that I think the Government have already enough to do without undertaking the job of running an aviation company for themselves in India. But that matter must be decided on the question of the employment of the subsidy and the relative advantages of acting otherwise.

The next question is, what will be the duties of the Director of Aviation? The intention of Government is that his first duty, the first thing he should be set to on arrival here, is to make recommendations with a view to the training of Indians in aviation. He will be asked at once to set himself to draw up a comprehensive plan for that purpose. Of course one of the conditions on which the company will be subsidised will be that opportunities, both for training and for service, will be given to Indians. But in addition the Director of Civil Aviation will be asked forthwith to set to work to examine the very intricate and difficult questions that arise in the matter of training Indians for aviation. The question of scholarships for training abroad will be included in that study. We cannot commit ourselves in advance to saying that there will be scholarships or that there will not. I think it is a suggestion that is very likely to prove an admirable one. But there are obvious difficulties before you can decide what sort of boys are suitable for sending abroad and where you can send them. That will be one of the jobs of the Director of Civil Aviation. Mr. Jinnah asked in addition about the future of the Air Board. The Air Board is an advisory body and it has advised the Government that on the arrival of the Director of Civil Aviation it should be disbanded. The Government, I think, are not in a position to express a definite view as to the future of the Air Board to-day. They must first of all, again, have consultations with the Director of Civil Aviation as to the desirability of its retention in some form as an advisory body or of the substitution of some other body for it. Again, until we have the Director of Civil Aviation, it is difficult for us to commit ourselves to views on the question of the future of the Air Board. As regards a committee representing this House to the extent of 50 per cent. which was I think Mr. Jinnah's suggestion, there is of course the Advisory Committee of the Industries Department.

**Mr. A. Rangaswamy Iyengar:** Has this Committee ever been summoned for this purpose?

**The Honourable Sir Basil Blackett:** I would suggest to the Honourable Member that this would be an extraordinarily good opportunity to summon it. The question of civil aviation as a matter of fact was, I believe, actually referred to the Advisory Committee of the Department of Industries some two years ago. So that my answer is that it has been summoned and will no doubt be summoned again.

There is one more point I think and that is the question of aeroplane clubs. My Honourable friend Sir Bhupendra Nath Mitra in speaking earlier in the day made it perfectly clear that the question of the creation of aeroplane clubs and the use of them for the purpose

of encouraging aviation and extending training in aviation in India was a question on which the Government were inclined to look with sympathy. If my Honourable friend, Pandit Madan Mohan Malaviya, will busy himself in the next week or two in creating the aeroplane club of Delhi I am sure that Sir Bhupendra Nath Mitra will be very anxious indeed to support him in securing results.

I think I have now answered all the main points that were put to me in the form of questions. Our object and the object of the whole House is to encourage civil aviation, and I would put it to the House that in the circumstances which I have explained the best way to encourage civil aviation is to follow up this very useful debate demanding that we should encourage it by giving us a little of the money necessary for beginning to do so.

**Mr. President:** The question is :

“ That a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of Aviation.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 3rd March, 1927.

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# LEGISLATIVE ASSEMBLY.

Thursday, 3rd March, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### ADMISSION OF THE UNITED STATES OF AMERICA TO THE PERMANENT COURT OF INTERNATIONAL JUSTICE AT THE HAGUE.

688. **\*Mr. Gaya Prasad Singh:** (a) Has the attention of Government been drawn to a Press telegram from Geneva, published in the *Hindustan Times*, dated the 15th February, 1927, in which it is stated that " Lord Birkenhead has informed Sir Eric Drummond, the Secretary General of the League of Nations, that arrangements have been made to inform the United States' Government that India associates herself with the terms of the British Note on the subject of American Reservations with regard to her admission to the permanent Court of International Justice at the Hague " ?

(b) Will Government kindly state if they propose to make a statement on this subject, and lay on the table a copy of the British Note, and the American Reservations referred to above?

(c) Was the Central Legislature in India consulted on the subject of India's association with the terms of the British Note, and will there be any financial burden cast upon Indian revenues as a result of the arrangement referred to in (a) above? If so, to what extent?

**Mr. L. Graham:** (a) Government have seen the telegram.

(b) The proposal of the Government of the United States of America to adhere to the Statute of the Permanent Court of International Justice subject to certain reservations was conveyed separately to each member of the League including India. At the suggestion of the Secretary General of the League the proposal was discussed in a conference held at Geneva on the 1st September, 1926, and following days immediately before the meeting of the Assembly of the League. The Conference was attended by representatives of forty members of the League including India and Great Britain. The conclusions of the Conference were embodied in a document entitled the Final Act of the Conference; and each member who signed the Final Act agreed to reply in the terms of that Act. A copy of the Final Act and of the report of India's delegates to the Conference has been placed in the Library.

(c) No. No change on Indian revenues is involved.

**Mr. Gaya Prasad Singh:** Who represented India on the occasion to which reference is made in part (b) of the answer?

**Mr. L. Graham:** Two of the delegates who subsequently represented India in the Assembly of the League, namely, Sir William Vincent and Sir Edward Chamier.

#### GRANT OF GUN LICENCES TO NON-CO-OPERATORS.

689. **\*Kumar Ganganand Sinha:** (a) Will Government be pleased to state if any instructions have been given to the district authorities not to grant licences for guns to the non-co-operators or to their relatives?

(b) If the answer to (a) be in the negative, are Government prepared to inquire if it is a fact that one Moulvi Wasi Ahmad of village Daudnagar, Police Station Lalganj, in the District of Mozaffarpore, in the Province of Bihar and Orissa was refused a licence for a gun on the ground that the said Moulvi Wasi Ahmad was the brother of Moulana Mohammad Shafee Daudi, M.L.A., in spite of the fact that the local police officers had nothing to say against him?

(c) If the answer to (b) is in the affirmative, do Government propose to take action against the district authorities of Muzaffarpore; and if so, what?

**The Honourable Sir Alexander Muddiman:** (a) The reply is in the negative.

(b) No. The matter is one for the Local Government to dispose of.

(c) Does not arise.

#### LOCAL ADVISORY COMMITTEES ON THE BENGAL NAGPUR RAILWAY.

690. **\*Mr. B. Das:** (a) With reference to starred question No. 178 of Khan Bahadur Sarfaraz Hussain Khan of 26th January, 1926, on the creation of Local Advisory Committees on the Bengal Nagpur Railway and the reply of the Honourable Mr. G. G. Sim that steps are being taken by the Bengal Nagpur Railway to create Advisory Committees at Nagpur, Adra, Calcutta and Vizagapatam, will Government be pleased to state why no Committees have so far been appointed for Nagpur and Vizagapatam?

(b) Will Government be pleased to lay a statement on the table giving names of members of the Local Advisory Committees for the Bengal Nagpur Railway for Adra and Calcutta?

**Mr. A. A. L. Parsons:** (a) Committees have not so far been appointed for Nagpur and Vizagapatam but they are now in the process of formation.

(b) The names of members of the Calcutta Local Advisory Committee will be found in the Bengal Nagpur Railway Time Table. The Adra or Ranchi Committee has only recently been formed; the names of the members are not at present known, but they will appear in subsequent issues of the Time Table.

#### NUMBER OF ORIYAS APPOINTED TO THE LOCAL ADVISORY COMMITTEES ON THE BENGAL NAGPUR RAILWAY.

691. **\*Mr. B. Das:** With reference to my starred question No. 484 of 28th January, 1926, and the reply of the Honourable Mr. G. G. Sim that "the question of allotment of a certain number of seats to Oriyas on the Advisory Committees was brought to the knowledge of the Government. Bengal

Nagpur Railway", will Government be pleased to state the number of seats allotted to the Oriyas in each of the four Local Advisory Committees of the Bengal Nagpur Railway, namely, at Nagpur, Adra, Vizagapatam and Calcutta?

**Mr. A. A. L. Parsons:** The Committees of the Bengal Nagpur Railway will be constituted as follows:

Calcutta—of members resident in Bengal.

Nagpur—of members resident in the Central Provinces.

Adra or Ranchi—of members resident in Bihar and Orissa.

Vizagapatam—of members resident in the Madras Presidency.

It is not known how many of these members are or will be Oriyas.

CENSORING OF TELEGRAMS TO MEMBERS OF THE LEGISLATURE REGARDING  
THE RECENT SITUATION AT KHARAGPUR.

692. **\*Mr. K. O. Neogy:** Will Government be pleased to state how many telegrams addressed to Members of the Legislature on the subject of the recent situation at Khargpur were intercepted or censored by the Postal authorities, and the grounds of such action?

**The Honourable Sir Bhupendra Nath Mitra:** One multiple telegram tendered on the 14th February, 1927, was stopped by Kharagpur Workshops Combined Office under orders of the District Magistrate.

OPENING OF A DEAD LETTER OFFICE AT PATNA.

693. **\*Mr. Gaya Prasad Singh:** (a) Is it a fact that there is no Dead Letter Office at Patna for the Province of Bihar and Orissa, but that the Calcutta Dead Letter Office is the combined office for Bengal, Assam, and the Province of Bihar and Orissa?

(b) Are Government aware of the inconvenience and delay due to there being no separate Dead Letter office for the Province of Bihar and Orissa; and do Government propose to take steps to open a Dead Letter office at Patna? If so, when?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The position is as stated in the reply given by Mr. Sams to parts (a) and (b) of Khan Bahadur Sarfaraz Hussain Khan's question No. 1992 in the Legislative Assembly on the 3rd September, 1924.

(b) Government have no information regarding the alleged inconvenience and delay. The answer to the second part of (b) is in the negative.

**Mr. K. Ahmed:** Is it not a fact, Sir, that the people of the province of Bihar and Orissa have a very limited amount of correspondence that passes through the Post Office, that the Calcutta Dead Letter Office is most centrally situated between Bihar and Orissa, and if the Dead Letter Office was situated at Patna, the people of Orissa would have suffered greater inconveniences?

## MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** The following message has been received from the Secretary of the Council of State:

"I am directed to inform you that the Council of State have, at their meeting held on the 1st March, 1927, agreed without any amendments to the Bill to provide for the continuance of the protection of the steel industry in British India which was passed by the Legislative Assembly on the 21st February, 1927."

### PETITIONS RELATING TO THE CURRENCY BILL.

**Secretary of the Assembly:** Sir, under Standing Order 78, I have to report that 124 petitions signed by 1,617 persons as per statement laid on the table have been received relating to the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, which was introduced in the Legislative Assembly on the 25th January, 1927.

#### *Statement.*

Petitions received relating to the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, which was introduced in the Legislative Assembly on the 25th January 1927.

Number of signatories.	District or town.	Province.
96 . . . . .	Kaira . . . . .	Bombay.
138 . . . . .	Broach . . . . .	Do.
1,383 . . . . .	Ahmedabad . . . . .	Do.

### STATEMENT OF BUSINESS.

**The Honourable Sir Alexander Muddiman** (Leader of the House): With your permission, Sir, I propose to make a statement in regard to the probable course of Government business during next week.

On Monday, the 7th, a motion will be made to take into consideration the Indian Currency Bill and, if that motion is passed, a motion will thereafter be made to pass the Bill. It is proposed to reserve the whole of Monday, the 7th, and Tuesday, the 8th, for the discussion of this Bill.

Wednesday, the 9th, Thursday, the 10th, and Friday, the 11th, have, as Honourable Members are aware, been allotted for the discussion of the Demands for Grants.

On Saturday, the 12th, it is proposed to continue with the Currency Bill, if it has not been disposed of on the 8th, and thereafter to take up the following business:

- (1) Motions will be made for the election of panels for Advisory Committees for the Industry and Commerce Departments and for the Advisory Publicity Committee.

- (2) A motion will be made for leave to introduce a Bill further to amend the Indian Mines Act, 1923, in order to provide for the regulation of work in Mines under a system of shifts.
- (3) A motion will be made for the reference of the Indian Lighthouse Bill to a Joint Committee of both Chambers.
- (4) Motions will be made to take into consideration and to pass the Madras Salt (Amendment) Bill, the Provident Funds (Amendment) Bill, the Indian Forest Bill and the Bengal and the Bengal Tenancy (Amendment) Bill, all of which have already been passed by the Council of State.
- (5) A motion will also be made to take into consideration and, if that motion is accepted, to pass the Insolvency (Amendment) Bill.

Finally, it is proposed to present to the House an estimate for certain Supplementary Grants for railway expenditure.

I would point out, Sir, that this list by no means exhausts the business which Government desires to complete during the current Session. Apart from the time which will be taken up by the Finance Bill and a Resolution which will be moved in connection with the proposed removal of the export duty on tea, it is desired to propose two Resolutions, one relating to the recent strengthening of the Judicial Committee of His Majesty's Privy Council for the purpose of hearing Indian appeals and another regarding the recommendation of the International Labour Conference for the inspection of emigrants; and motions are to be made for the reference to Committee of the Gold Standard and Reserve Bank of India Bill and the Imperial Bank of India (Amendment) Bill. In the circumstances, and in view of the state of Government business, I am not able at the moment definitely to undertake to request His Excellency the Governor General to allot a day for non-official Bills, but I hope it may later be possible to obtain an allotment of Friday, the 25th, for that purpose.

#### APPOINTMENT OF THE COMMITTEE ON PUBLIC PETITIONS.

**Mr. President:** Under Standing Order 80 of the Legislative Assembly Standing Orders, I have to appoint a Committee on Public Petitions. I have therefore to announce that the following Honourable Members will form the Committee:

Mr. K. C. Neogy,  
 Mr. Jamnadas M. Mehta,  
 Lieut.-Colonel. H. A. J. Gidney, and  
 Mr. C. Duraiswamy Aiyangar.

According to the provisions of the Standing Orders, the Deputy President, Maulvi Muhammad Yakub, will be the President of the Committee.

#### GENERAL DISCUSSION OF THE BUDGET—PART II.

##### FIRST STAGE.

**Mr. President:** The House will now proceed with the general discussion of the Budget. I may inform all Honourable Members that I propose to fix 20 minutes as the time limit for speeches to-day.

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, in the closing sentences of the Honourable the Finance Member's speech he affirmed "the belief that by the acceptance of this Budget, Members of this House have it in their power to promote the health and happiness of millions of the masses of India," and he commended the Government's budget proposals on that account to the House and to the country. If I felt, Sir, that I could share this belief to any degree, I should have been foremost in my congratulations, not in the customary and conventional way, but in a very real sense. On the other hand, Sir, the Budget leaves me cold and depressed, in spite of the Financial Member's work in the introduction of sound financial canons and methods. The central fact of these Budgets, Sir, in relation to the finances of this country, is this, that the House has repeatedly felt itself powerless in its attempts to assert itself. Such appearances of power as it possessed have been overborne by the exercise of autocratic powers, by the restoration of budget cuts and by the certification of taxation Bills. These are no doubt familiar to the House and it is not my purpose to-day to detail them and narrate them. They are a black record and when the Statutory Commission comes out, I hope, when the people press their national demand, this record will not be forgotten. But while these are quite familiar to the House, I would refer to-day to what I consider to be the more insidious process of the emasculation of the powers of this House which the Government, whether with or without the Finance Member's assent, are accomplishing in the so-called process of "the gradual realisation of responsible government" in India. The Government's activities in the curtailment of the vestiges of power left in this House under the Reforms scheme are well known. Their method of repeatedly altering the Indian Legislative Rules so as to curtail our power is equally well known. But, Sir, a more subtle process for the destruction of popular control is being enacted through the clamour of the services and the bureaucracy and also on behalf of the claims of the privileges of the autocratic heads of administration. Sir, I refer in particular to what has been done in the way of withdrawing from this House heads of account consisting of several lakhs of rupees which were till last year, "voted," and which have now been transferred silently, without even a word of regret, to the heads of non-voted items . . .

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): It is a mistake.

**Mr. A. Rangaswami Aiyangar**: I am coming to the mistakes; I know what mistakes you are committing every day. Sir, Honourable Members are aware that the Lee Commission started this process. Previously, the Government contented itself by making use unconstitutionally and improperly of its powers of rule-making under the Government of India Act to curtail our powers. Then the Lee Commission found that, in spite of their proposals for increasing the emoluments and allowances of the services, this process would not be sufficient. In fact, they proposed a barefaced act of misinterpretation of the Government of India Act and proposed to this Government seriously that the payments made for passages should be treated as part of the pay given to officers in this country. This was so barefaced a misapplication of the provisions of the Government of India Act, that the Government itself did not think it right to do it. Therefore they proposed that the Government of India Act itself should be altered so as to deprive this House of the powers, which it had till then possessed, of voting upon such grants for allowances and other things which under the

original Government of India Act were wholly votable. Sir, the only things that the Lee Commission recommended should be placed beyond the voting powers of the House at that time were this payment of passage moneys, which were put into the hands of the Accountant General, and the contributions made to the Provident Funds of these civil services, which were till then votable in this House. Those were the only two items which the Lee Commission wanted to be placed beyond the mercies of a popular House on behalf of the bureaucracy. But, Sir, when the Government of India sent up their proposals for legislation to the Secretary of State, there were other things that they thought of, and the Act that was finally passed in December 1925 was one by which the Government, at one fell swoop, took away every power that we had to deal with any payments made to any officer of the superior civil services in this country. The original section in the Government of India Act made non-votable, "salaries and pensions of persons appointed by or with the approval of His Majesty or by the Secretary of State in Council and salaries of chief commissioners and judicial commissioners." Now, Sir, salaries and pensions were the only things rendered non-votable because it was thought civilians wanted that protection. But the new Act puts it in this way:

"Salaries and pensions paid to or to the dependants of persons appointed by or with the approval of His Majesty or by the Secretary of State in Council,"

and

"sums payable to any person who is or has been in the civil service of the Crown in India."

And then comes a significant section:

"For the purpose of this sub-section, the expression 'salaries and pensions' includes remuneration, allowances, gratuities, any contributions (whether by way of interest or otherwise) out of the revenues of India to any provident fund or family pension fund, and any other payments or emoluments payable to or on account of a person in respect of his office."

**Mr. K. Ahmed:** Why did you and your party draw Rs. 20 a day as halting allowance after you had walked out of the Assembly on the 8th of March last year?

**Mr. A. Rangaswami Iyengar:** Sir, I desire to remind you that the effect of this clause was very far-reaching on behalf of the services, and yet silently and secretly this process of burrowing into the powers of the Legislative Assembly has gone on. The result of it is seen in an interesting statement which, at the instance of the Public Accounts Committee, the Finance Member has supplied to this House, a statement showing the additions and reductions sanctioned by the Governor General in Council in the non-voted grants for the year ending 31st March 1927. Sir, I have taken the trouble to examine what the whole of this thing meant and I find that, although the Government of India Act was passed in December, 1925, when the Honourable the Finance Member introduced his Budget last March, he did not say a word about the effect which the passing of this Act would produce on the powers of voting grants or demands in this Assembly. Sir, one year has passed and in this year of grace also the Finance Member has kept discreetly silent on this process by which the powers of this House have been deliberately and surreptitiously withdrawn. Sir, in the Budget of 1926-27 we find that three different kinds of items—I have tried to classify them—have been declared non-votable. There are items which have been described in this statement as non-voted because of the effect of the Statute itself. There are items which have been declared

[Mr. A. Rangaswami Iyengar.]

non-voted as the result of some declaration of which this House has no knowledge; and then there are certain other items which have been simply taken over from the voted to the non-voted heads without any expression of opinion. Whether there has been expression of opinion secretly or not I do not know, but even the declaration that they have been declared non-votable does not appear under these heads. This declaration as to what is and what is not a non-votable item is one of those things by which the bureaucracy can further secure power, because under section 67-A, clause 4, it is provided that "if any question arises as to whether any proposed appropriation of revenue or monies does or does not relate to the above heads, the decision of the Governor General on the question shall be final". Now, Sir, I can understand that a question of doubt on a matter of this kind can arise as between the Assembly and the Executive Government. The Assembly may claim that they have the power while the Executive Government may claim that they have not the power in any particular case, but I cannot understand how declarations under this section can be made merely because the Executive Government choose to raise some doubt and resolve it themselves at their own sweet will and pleasure. I consider that declarations made in pursuance of clause 4 of section 67-A ought to be such that this House should have had its say before the Governor General can seek to declare an item non-votable which on the face of it appears to be votable.

Now, Sir, the position is this. There are a large number of allowances, travelling allowances and various other things, which the bureaucracy till now have enjoyed but which were subject to the vote of this House. All of that has been taken away from the cognizance of this House and also from the cognizance of the provincial Legislatures. I have tried to total up all these allowances so far as the administrations under the Central Government are concerned and I find on a very rough calculation that they come to over 32 lakhs. Allowances to the extent of 32 lakhs for the Civil Services have thus been withdrawn from the control of this House. That is one item and one has only to go through this Statement, which is a very illuminating statement, to see how sweepingly the Government have clutched at its powers to withdraw things from the cognizance of this House. Then, Sir, there are other items upon which the Government have said that they have been "declared non-votable." I find they amount from 9 to 10 lakhs and they mainly refer to the provision for Cemeteries. Sir, I do not understand how Cemeteries from being voted items have become non-votable items. That is a matter, Sir, on which this House is entitled to have an explanation.

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Because they are beyond the reach of the living.

**Mr. A. Rangaswami Iyengar**: And of the House, if this is a living Assembly! Then, Sir, there is a third group of cases and these I think, with all due respect, are matters which surely have reduced the application of this rule to an utter absurdity. I find, Sir, that under Demand No. 27—Staff, Household and other Expenses of the Governor General—the most startling things stated. In the year 1925-26, the sumptuary allowances of the Governor General amounting to Rs. 40,000 were voted; in the budget estimate of 1926-1927 they were put down as a votable item. In



the course of the year they have made this rule and now it appears in the revised estimates Rs. 40,000 as a non-votable item; and in the present budget estimate it is put down as non-votable. Why the sumptuary allowances of the Governor General should be put down as a non-votable item passes my understanding completely; and if this is the way in which the rule is to be applied I say it is an entirely absurd thing. Then, Sir, there is this item—Expenditure from Contract Allowances. It was voted during the years 1925-26 and 1926-27. It has now been transferred to the non-votable. The third item—Rs. 1,41,600—is even more interesting. That is “State Conveyances and Motor Cars”—motor cars which are intended for the use of the Governor General or of the Governors as the case may be. Those were voted by this House and now they are to be made non-votable. That is to say, the Executive Government and the Governor General are to be the sole masters in determining what motor cars should be used and paid for.

**Mr. K. Ahmed:** If they used bullock carts that would be votable!

**Mr. A. Rangaswami Iyengar:** Surely these nonsensical interruptions do no good. I think you had better . . . . .

**Mr. Dharendra Kanta Lahiri Chaudhury** (Bengal: Landholders): On a point of order, Sir. Is the Honourable Member entitled to say this direct or through the Chair?

**Mr. A. Rangaswami Iyengar:** Then, Sir, there is another item. There is the item for Special trains, haulage of saloons, steamers, etc., which amounted to 4 lakhs. In 1925-26 they were voted by this House; this year they are non-votable. What I am now telling the House is this—that under this rule every Indian in the Governor's household, his butlers, his clerks, his steno-typists, his Registrar, should have his salary voted; whereas his motor cars, State carriages and sumptuary arrangements, crockery or electricity or whatever other amenities are required are non-votable. The protection they think fit to extend to inanimate things they do not think necessary to extend to the animate bodies of their poor Indian clerks and dependents. While we are quite competent to deal with votes in respect of clerks and Registrars and various other people belonging to the provincial service who may be employed in Government House, why should we be deprived of the power of voting His Excellency's motor cars or His Excellency's carpet (as in the Bengal Legislative Council the year before last); why is it that they think we are not fit to deal with the question of the carpets in Government House, Bengal, or of State carriages in Viceregal Lodge here, while we are quite competent to deal with the salaries of Registrars and Assistant Secretaries who belong to the provincial service? Sir, this seems to me to be a most absurd arrangement and the manner in which Government have thought fit to clutch power and to say that everything the Viceroy wants, so long as he wants it, shall become non-votable and the only things votable are the salaries of poor clerks and poor subordinates belonging to this country seems to me to be a very sad commentary upon the mentality of the whole of the Services. I say this makes it perfectly clear that the Government do not mean to give any real power to us. If they think that this House cannot be trusted to deal with the allowances which are given for Government Houses or other things which are provided for in respect of travelling allowances to the Services, what is the meaning of pretending, as the Finance Member pretends, that this House has “the power of promoting the welfare and happiness of

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millions of the masses of this country''? It is obviously a travesty of the truth; and I feel, Sir, that in this matter the Finance Member has not treated this House fairly. He ought to have drawn the attention of this House to the effect of the Government of India (Amendment) Act on this matter and he ought to have told the House by what process lakhs and lakhs of our money have been taken away. It is about 50 or 60 lakhs in this Budget; it may be very much more in the next Budget and in the provincial Budgets it may amount to crores upon crores. Therefore, Sir, I think the House should know the extent to which the Government has gone on crippling the powers of the Assembly.

Then, Sir, on the main Budget I do not propose to detain the House with any lengthy comments because I am sure we are going to deal with it thrice over again in connection with the Budget Demands, in connection with the Currency Bill and in connection with the Finance Bill. I do not want to take up the time of the House now by referring in detail to the proposals that have been made, to the window-dressing that has been accomplished with such skill by the Honourable the Finance Member. The position stares us in the face that these realised surpluses of the Finance Member are due to the constant process of over-estimating expenditure and under-estimating revenue. That has been the bane of the Indian Budgets since the days when the late Mr. Gokhale protested in the then Imperial Council against it. I say, Sir, that whatever that may be, we have come to the stage in which the Finance Member, having regard to the situation in this country, should have put in the forefront proposals for the remission of taxation rather than carry out schemes which, however sound in themselves—and I am the first to acknowledge the soundness of proposals for the creation of the Provincial Loans Fund or the Debt Redemption Fund and various other proposals—I say that the claim of the tax-payer is foremost and I think the Honourable the Finance Member ought to have put that in the forefront; if he had put that in the forefront and if his estimates had been more accurate, this House would have found itself in a position to remit a good deal more of the people's burdens than it has been able hitherto to do under the elusive process which the Honourable the Finance Member has adopted in the presentation of the Budget during the past three or four years.

Sir, there are one or two other questions on which I just want to make a passing reference, but as they will be coming up for discussion later on I do not want to say more than a few words. The Finance Member has thought fit to propose the repeal of the export duty on hides. Sir, that, he says, is a proposal which was made by the Indian Taxation Committee. I have here a telegram from the people who are the foremost merchants in the hides and skins trade—the Madras Hides and Skins Merchants Association; they have sent a strong protest against the proposal to take away the export duty on hides. Honourable Members are aware that this Government is committed to a policy of protection. Sir, in my own province we have no steel upon which we could ask for bounties or levy protection duties; in my province trade is not so booming as in other provinces; but in my province the most important trade is the trade in skins and hides and the manufacture of goods from skins and hides. The Madras tanning industry has long been struggling to obtain a foothold and I submit that the protection that could be given to the leather industry in this country is one of the matters which ought to have been put before the Indian Tariff Board

for proposals with a view to grant them protection, whether by the levy of an export duty or by the levy of an import duty on manufactured goods. That is a proposal which ought to have gone before the Indian Tariff Board, and I submit the Finance Member has been premature in acting on the recommendations of the Taxation Committee in order to settle this question.

There is only one other matter upon which I say the House has been not properly treated. Honourable Members are aware that the Honourable Sir Charles Innes, when he proposed the amendment to the Indian Tariff Act levying a specific duty on sugar in place of the *ad valorem* duty, told the House that the amendment was necessary because otherwise they would lose revenue. As a matter of fact, we find, Sir, that the imposition of this duty has put us in the position of having received more than Rs. 80 lakhs in the shape of extra duty from sugar. That is not, I say, a fair way of treating this House. If the Honourable the Commerce Member's expectation of a falling revenue was so great as was represented to us at the time when we were in the Select Committee on the amendment of the Tariff Act, then this excess of 80 lakhs of extra revenue ought not to have occurred. I say, Sir, that either the estimating was faulty or we were misled by somebody or other. Therefore, in these circumstances, I think the Finance Member's budget proposals require very careful examination.

**Mr. Ghanshyam Das Birla** (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): Sir, the Honourable the Finance Member when introducing his Budget announced with no little jubilation, amidst cheers from the Treasury Benches, that he was in a position to put before the House the fourth surplus Budget in succession. Sir, I wish I could have joined my friends on the Treasury Benches in swelling the chorus of congratulation to the Finance Member for the result which he has shown us. But, Sir, my difficulty is that I cannot help feeling although we have had the fourth surplus Budget in succession we did not have it without resorting to enormously increased taxation which was all the time concealed from this House. Sir, if we look at the figures for 1924-25, we find that the net expenditure in the year amounted to Rs. 132 crores which if calculated at the rate of exchange prevailing at that time and converted into gold would come to about £80 millions. Now, Sir, for 1927-28, although the total budgeted expenditure is apparently Rs. 7 crores less, it amounts in terms of gold to £93 millions which is £13 millions more than 1924-25. Between 1925 and 1927 in this manner by means of manipulation of currency and exchange the Honourable the Finance Member will have been able to exact from the tax-payer nearly £40 millions or about Rs. 60 crores more than in 1924-25. I hope, Sir, that as the Honourable the Finance Member himself remarked towards the conclusion of his speech that money represents nothing more than the power to command goods and services, he will agree that the rupee represents a larger amount of gold, goods and services than it did in 1924-25 and that, therefore, he cannot claim any credit for the surplus Budget which has been made possible by the exaction of about Rs. 60 crores as concealed taxation during these three or four years. I strongly protest against this sort of manipulation and I hope that when the proper time comes this House will also lodge its strong protest against it.

Sir, in order to justify this manipulation the Honourable Mr. Brayne has circulated a note on the effect which 1s. 4d. is likely to have on the finances of the Government of India. The Honourable Mr. Brayne estimates that if we were to revert from 1s. 6d. to 1s. 4d. the probable loss to

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the finances of the Government of India will amount to nearly Rs. 5 crores (*The Honourable Sir Basil Blackett*: "Over")—to over Rs. 5 crores as the Honourable the Finance Member points out. Sir, Mr. McWatters of the Finance Department was asked by the Currency Commission to submit a note showing the effect which 1s. 4d. was likely to have on the finances of the Government of India and he was good enough to put up two notes which appear as appendices to the Report of the Commission. We find on comparing these two notes with the present note of the Honourable Mr. Brayne that Mr. McWatters did not estimate the same amount of loss to the finances of the Government of India, from a reversion to 1s. 4d. as Mr. Brayne in his note has done. I must presume that Mr. McWatters' note was prepared in consultation with the Finance Department. The accuracy of his estimate was not disputed by the Honourable the Finance Member then, and it is rather surprising, Sir, that the Finance Department should at this stage come forward with a new story and endeavour to put a new complexion on the whole matter. Sir, I do not wish to go into the details of this note having regard to the short time which is at my disposal, nor do I desire to address myself to a discussion of the merits or demerits of the one or the other ratio, but I submit, Sir, that this note is a document abounding in gross exaggerations and misstatements which can be proved to be such by facts and figures.

**The Honourable Sir Basil Blackett** (Finance Member): Will the Honourable Member prove them by figures?

**Mr. Ghanshyam Das Birla**: Yes, I am coming to that. I agree with the note so far as it states that on account of the reversion to 1s. 4d. the Home charges will be increased. I admit that, but so far as the Customs and Income-tax receipts are concerned, I do not agree. Mr. McWatters in his note which he put before the Currency Commission estimated, of course on the assumption that the volume of imports will not decrease, that the net gain in revenue from Customs would be about 2 crores 62 lakhs, while Mr. Brayne estimates that we are going to lose one crore of rupees under Customs receipts.

**The Honourable Sir Basil Blackett**: Is that with immediate effect?

**Mr. Ghanshyam Das Birla**: No. But I wish to point out that it might be contended by the Honourable the Finance Member that if the prices of imports rose, probably the volume of the imports might contract or shrink, but, Sir, that has not been our experience in the past. I shall put before the House the figures from 1904 to 1925, and Honourable Members will find that whenever we had a prosperous year in this country and an easy money market, there was a rise in prices and we had had more exports and imports; and whenever there was a fall in prices, we had less imports and exports. I do not propose to take up the time of the House by quoting figures, but still I cannot resist the temptation of citing them, because it is very necessary to do so. Sir, in 1904 the index figure for the imported articles stood at 93, while the imports were £69 millions sterling. In the next year the index figure rose to 96, and the imports rose to 74. In 1906-07 the index rose to 105 and the imports rose to £78 millions. In 1907-08, the index had a further rise to 116, and along with that, the imports rose to £91 millions sterling. In the next year 1908-

1909, the prices of imported articles fell, and what did we find? There was no increase in imports, there was rather a decrease,—for from £91 millions it came down to 85, and in the subsequent year 1909, when there was a further drop in the index number, the imports registered a fall to £81 millions sterling. From 1910 to 1911 there was a continuous rise in the imported articles; and we find that in almost every year, with the exception of one year 1915-16 during war time,—in almost every year from 1904-05 to 1925-26, whenever there was a rise in prices of imported articles, there was an increase in the imports, and whenever there was a fall in the prices, there was a decrease. Therefore, if we are to base our calculations on past experience, I hope the Honourable the Finance Member will admit that the rise in prices has tended to increase the imports, while the fall in prices has tended to reduce the same, and if we are to base our calculations on the figures, we must come to the conclusion that there is no possibility of our revenue receipts from Customs dropping. On the other hand, we expect, Sir, if we revert to 1s. 4d. the receipts from Customs will be very much larger than what they are at present.

Another most amusing statement which has been made by the Finance Department is that on account of the dislocation of trade which might be caused by a reversion to 1s. 4d., it might be difficult to collect a portion of the income-tax receipts. This is really amusing, Sir, because what we businessmen have experienced in the past is that whenever there has been prosperity in the country, and whenever there was an easy money market, there have always been increased receipts from the Income-tax Department. It is impossible for us to accept the theory of the Finance Department that under 1s. 4d. there is a likelihood of a fall in the receipts from income-tax, as the figures of the past four years in respect of receipts from income-tax do not prove the contention of the Finance Department. Sir, in 1923-24 when exchange was about 1s. 4d. the receipts from Income-tax amounted to 17 crores 60 lakhs. To-day, Sir, we have got exchange at 1s. 6d. but what do we find? The revenue from income-tax has fallen from 17 crores 60 lakhs to about 15 crores and odd, that is, there is a loss of 2 crores 38 lakhs. This is the tale which the figures tell us. I am sorry, Sir, that the Finance Department should have thought fit to put before this House a document so exaggerative and misleading. Whatever might be the personal views of the officials of the Finance Department, we, Sir, expect them to supply us with correct facts and figures and not wrong information, or a biased version of things.

Now, Sir, I again protest that a true picture of the situation has not been presented to us. While the Finance Department has thought it fit to point out problematic losses which are likely to be incurred on account of reversion to 1s. 4d. they have concealed from this House the fact that in attempting to maintain exchange at 1s. 6d. the Government had to forego receipts in the shape of interest to the extent of over one crore of rupees which they used to realise from investment in sterling securities in England. Now, Sir, what is the guarantee that Government will not have to resort to heavier borrowings in England in order to maintain exchange at 1s. 6d. What is the guarantee that they will not have to borrow a very large amount in England in order to maintain exchange at this artificial ratio, and if they did that, who was going to pay all that interest? Will it not be the tax-payer who will be heavily burdened on account of this extra interest which he will have to pay on account of borrowings in

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England? Therefore, Sir, I maintain that while this so called loss is problematic, we have already incurred a loss of 2½ crores under income-taxes and of more than one crore under interest receipts on account of the exchange being maintained at the artificial rate of 1s. 6d. I do not wish to say, Sir, anything about the provincial contributions. I have got full sympathy for this remission; in fact I feel that they are already overdue. I wish that the Finance Member with the 60 crores realised during the last four years without the knowledge and consent of this House, had remitted the provincial contributions long ago. But I hope, Sir, that the House will easily understand that the Finance Member is now trying to throw this bait to the provinces in order to catch votes for 1s. 6d. and I trust that the House will not be so easily misled by his note and by this talk of provincial contributions. What I maintain is that the remission of provincial contributions is more practicable under 1s. 4d. than under 1s. 6d. and I wish to point out that if this House will be firm and tell Government that we are not going to be misled in this manner, I am sure they will be able to get both 1s. 4d. and the remission of provincial contributions at the same time. With these few words, Sir, I bring my remarks to a close.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Sir, I look upon the Budget not as a mere official statement of the revenue and expenditure of the Empire, but as a measure of the standard by which to judge the devotion of the rulers to the interests of the ruled, and in the few observations that I am going to make, I shall keep this fundamental principle in view. It is our privilege and function to be the interpreters between our countrymen and the Government, and we should be failing in our duty, if we did not attempt to express, according to our own feeble lights, our views on the Budget; upon which depend the happiness and prosperity of one-sixth of the human race. Sir, I believe that there are many in this House, who, like myself, felt bewildered when, in addition to the 15 pages of the printed foolscap speech of the Honourable the Finance Member, we were supplied with some volumes of thickly printed information, requiring to be digested within two days, in order to enable us to evolve constructive proposals instead of barren contributions in the shape of destructive criticisms. I had a shrewd suspicion that the Government wanted neither, and I shall beg to be excused if I do not attempt the former, and avoid the latter as much as possible, confining my remarks to the general policy underlying the Budget.

Sir, I feel the humiliation of being asked to discuss the Military Budget, without being allowed to vote on the same. It may be said that I am a mere lawyer, who never set a squadron in the field, but surely I am entitled to form an opinion on questions of military policy without presumption? Indeed, in some respects I am likely to form a sounder view, as I am free from the dominion of those idols of the den and the market, which are so apt to cloud our vision; and I may be permitted to quote the views with regard to war in India of Cardinal Newman, who wrote in the *Nineteenth Century* thus:

"When practical views suggest one plan of action and military views suggest another, then war must yield to the statesman's craft, for what the soldier feels may be natural but what the statesman does is just."

Following the dictum, I protest against our heavy military expenditure, which absorbs nearly half of our revenues and even the poor man's salt

has to be taxed to contribute to the maintenance of mountain batteries, ready to take the field, in any part of the world.

So long ago as 1879, the Army Commission thus defined the functions of the Indian Army:

"The purposes for which the Army of India must be maintained may be stated to be:

- (a) preventing and repelling attacks or threatened aggressions, from foreign enemies beyond our border,
- (b) making successful armed disturbance or rebellion, whether in British India or Feudatory States, impossible, and
- (c) watching and overawing the armies of Feudatory Native States."

With the growth of Imperialism these fundamental principles have given place to another very distressing theory, that the Indian Army must be a main factor in the maintenance of the balance of power, not only in Asia but in the whole world. Mr. Ramsay Macdonald in his book "The Government of India" has said:

"A large part of the army in India, certainly one half is an Imperial army, which England requires for other than purely Indian purposes, and its cost therefore should be met from Imperial and not Indian funds."

The North West Frontier from the Pamirs to the sea is the most important land frontier of the British Empire and its defence and maintenance should not be saddled upon the Indian tax-payer alone; we can justly claim to be freed from at least a major part of this burden, and I commend this to the very serious consideration of His Excellency the Commander-in-Chief, the Government of India, and the Home Government. The Esher Committee's Report has laid down that so far as the question of Imperial defence is concerned, the military policy of the Government of India must be in consonance with the military policy of Imperial defence. If this view of the Committee is correct, then are we not justified in demanding that the Imperial Government must share the military burden with us? It is said that the ideal which is kept in view about military expenditure is an army in India, not larger than is essential in India's interests, adequately equipped and fully trained, so that India might obtain the maximum service from a fully efficient force at the minimum cost. Sir, this is an ideal, no doubt, and we know that ideals have no place in the practical affairs of the world. The Brussels Conference has laid it down with the full concurrence of the Government of India and the representatives of the India Office, that the military expenditure should in no case exceed 20 per cent. of the revenues of a country, and I ask you to apply this test to the military expenditure of the country. But at the present moment when there is perfect calm in the atmosphere of the country and its frontiers, and the political horizon is free from clouds, the military expenditure of the country does not indicate any appreciable diminution. Even the goal of 50 crores prescribed by the Retrenchment Committee is yet far off. Sir, I assert with a sense of full responsibility for my statement that, had there been any honest and sincere endeavour on the part of the Government, they could have brought down the military expenditure to 15 crores, at which the figure stood in 1899-1900, making due allowance for the rise in prices, by the simple process of replacing the British element in the army by the Indian. The Inchcape Committee has pointed out that the cost of a British soldier is more than Rs. 200 a month, while an

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Indian soldier costs about Rs. 35 a month, and is there any reason to have the British element, unless it be for the same reason for which we are compelled to maintain a pampered civil service, *vis.*, to keep the Indians ever in subjection for the benefit of Englishmen? Sir, if India had a voice in her Budget, she would not have imported such costly materials from abroad for her civil administration or military defence, allowing her own children to be cast adrift, asking for little crumbs of the bread of which the foreigners get so much. An examination of the causes of this system of high salaries will at once disclose the real reasons for which you stand in our way of getting Swaraj. You want employment for men for whom England cannot provide, you want a market for your goods, which you cannot sell elsewhere, you want cheap raw materials for your factories, and last but not least, you want to dominate over the world with the help of an Indian army.

Our plain demand is to fix the salaries of the civil and military officers according to the average standard of living of Indians in all branches of the services, and if the Britisher wishes to serve in India, he must also accept that standard. Unless this is done, there is no hope of reduction in the expenditure of the Government so as to afford any relief to the Indian tax-payer, the majority of whom live in far-off villages and do not know what it is to have a full meal a day. Sir, when I think that the poor man's rice is converted into powder and shell to guard the frontiers, I am tempted to say: Let the invader come in, he will go away of his own accord, when he will find that we have nothing to be robbed of, having been robbed of everything by a process of exploitation which you have been carrying on from year to year. A Mahmud of Ghazni, a Tamerlane or a Nadir Shah, at intervals could not have worked such ruin as your slow and systematic drain has done. At the present moment, when we are at peace with the Amir of Afghanistan, and the bogey of a Russian invasion is no longer in existence, there is hardly any necessity of having a huge army as you have. With the robust optimism of the Honourable the Finance Member, as disclosed in his opening speech, drawing up a vision of the future on the approaching completion of the first ten years of Reforms, I have no quarrel, but I cannot join with him when he asks us to share his views in the face of such gloomy facts and has not a word of hope about reducing the military expenditure in the near future. Besides the broad questions, there are certain other minor matters which have unconsciously come out from his lips and which indicate the very rottenness of the whole system, as when he speaks of the increased expenditure of 70 lakhs for the purchase and manufacture of ordnance and other stores, which will henceforth be a recurrent expenditure although we were given to understand last year that His Excellency the Commander-in-Chief instituted an expert inquiry into the whole question of ordnance equipment with a view to ensuring that the real facts may be brought into clearer light and that reasons for ordnance-shortage which ought not to have occurred, if the system of control had been working properly, may be disclosed. There is no mention in the budget speech of the Honourable the Finance Member, either of this inquiry or its result.

**The Honourable Sir Basil Blackett:** May I tell the Honourable Member that the results are given in the budget speech, an increase of 70 to 80 lakhs?



**Mr. Amar Nath Dutt:** But I forget that with a new Assembly in this new and spacious council hall in New Delhi, he had no inclination to brood overmuch over the past.

It has been said that only the sternest economy and the strictest vigilance can now prevent our Military Budget from showing a tendency to rise, rather than to fall, and the present level of expenditure is the very minimum, absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised.

**The Honourable Sir Basil Blackett:** If the Honourable Member is quoting me may I ask him to quote me correctly?

**Mr. Amar Nath Dutt:** These are very significant words (Laughter) and the plain implication of it is that we have no hope of further reduction of our military expenditure. But, Sir, it is useless to waste the time of this House in pressing our views upon the Government, for we are painfully aware of their persistent—nay, callous—disregard of public opinion.

Indian publicists have cried themselves hoarse—and for years together—for the reduction of the enormous military expenditure. No wonder, if it leads one to explain that India exists for the army and not the army for India. How long this system will continue, and where it will ultimately lead us, passes my comprehension. I can do no better than remind the Government in the words of the late Lord Ripon, when he says:

“My study of history has led me to the conclusion that it is not by the force of her arms, or the might of her soldiery that a great Empire is permanently maintained, but it is by the righteousness of her laws and her respect for the principles of justice.”

I can only hope that when there is time yet, the Government may take the warning.

Sir, the Honourable the Finance Member, in his first budget speech, gave us to understand that he came to the land of his birth to serve India and he deemed it a privilege to be able to fulfil an old dream of his life. I leave it to him to judge whether his dream of service to India has been fulfilled to the extent of the service rendered by his venerable sire in a far higher and nobler sphere of activity for which a grateful posterity adores his name.

**The Honourable Sir Basil Blackett:** Thank you.

**Mr. Amar Nath Dutt:** I admit that he has tried his best to swim across the ocean of sordid materialism and selfishness with his hands and feet tied with a bureaucratic rope of rules and conventions, and ideas of Imperialism and trusteeship. No wonder he has failed in his endeavour to bring any relief to the country which he and his ancestors loved so much.

Sir, so long the constitution for the Government of India continues to be what it is, it will not be possible for any Finance Minister to bring succour to the famished millions of India. Sir, we have been told that India is on the first step towards becoming a creditor nation in the world. However alluring the phrase “creditor nation” may appear to persons belonging to countries endowed with all the comforts and necessities of life, to us it has only one meaning, namely, that the barest necessities of life are exchanged for metals, however glittering, which can neither feed the hungry nor clothe the naked.

Sir, there is a proposal for the abolition of the export duty on tea, by substituting income-tax on 50 per cent. in place of 25 per cent. as the basis of non-agricultural profits. This would mean a rise in the price of

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tea for Indian consumers and cheapening of the price of tea exported to foreign countries benefiting the foreign consumers of Indian tea. Then again, there is the high postal rate which we have been told cannot be reduced. The salt tax remains where it was while duties on motor cars, etc., have been reduced on the plea of development of motor transport in India. A careful perusal of the speech of the Honourable the Finance Member will convince every one that the poor man's cause was brushed aside by the Honourable the Finance Member in the belief that the charge of being heartless and inhuman was mere sentiment and sentiment can have no place in figures. Yet, in the same breath he has held up before us a vision of the romance that lies behind the figures which will widen the opportunities for a good life for many crores of the people of India, and we have been asked to accept the Budget in the hope of promoting the health and happiness of the masses of India.

Sir, while I do not lack in my appreciation of the Honourable the Finance Member's sympathy for the masses of India, I must yet condemn the Budget which overlooks our real needs and aspirations and is not responsive to our demands which we have made so often in this House.

I may be permitted in this connection to bring to the notice of the Honourable the Finance Member the universal discontent that exists owing to the unjust and tyrannical way in which the income-tax is levied. In addition to the serious defects in the Income-tax Act, the eagerness of the Income-tax officers to show an increase every year is notorious and it is high time that the Government should make a thorough and sifting inquiry into their methods and put down the same by curtailing the enormous powers of the Income-tax officers, which are so often abused, and by providing better facilities of appeal to law courts.

Besides the taxes on income, the revenues derived from salt and opium are universally condemned, the former for the great hardship it inflicts upon the poor and the latter for the moral degeneracy it brings in its train.

One other achievement of the Honourable the Finance Member is the improvement of the exchange but when we realise that the great peril to which Indian finance is exposed lies not so much in exchange as in increasing expenditure, we can hardly congratulate him.

In this infant Parliament we are powerless even to bring our grievances to the notice of the Government by the constitutional method of refusal of supplies. For the prerogatives of the representatives of the people must yield to the prerogatives of the bureaucracy and vested interests.

Sir, in years past we have been accused of fixing our attention on political questions and overlooking the steady advance towards the goal of constitutional self-government, which is being registered day by day in administration and finance. Sir, if retention of barbarous laws on the Statute-book in spite of Bills to repeal the same is an index of steady advance towards the goal of constitutional self-government, if detention without trial of the flower of the youth of a province under a lawless law and savage Ordinance is an index of the steady advance towards the goal of constitutional self-government, if refusal to sit at a round table with the representatives of the people to devise means of framing a constitution for the government of the country is an index of steady advance towards the goal of constitutional self-government, if depriving the half-fed and ill-clad

peasants and labourers of a little salt with which to take a few morsels of rice or bread by taxing the same is an index of steady advance towards the goal of constitutional self-government, if setting one community against another by devising means of communal interests is an index of steady advance towards constitutional self-government, if subjection and slavery of the 300 millions of people and reducing them to the position of mere hewers of wood and drawers of water in their own country is an index of steady advance towards the goal of constitutional self-government, then certainly you have achieved it by the impoverishment and enslavement of one-sixth of the human race. Sir . . . .

**Mr. C. Duraiswamy Aiyangar:** I hope your remarks are not addressed to the Chair.

**Mr. Amar Nath Dutt:** The Chair is the visible symbol of the bureaucracy.

Sir, so long as this system continues, so long as we are not given real power over the Budget, our attitude will be one of uncompromising opposition to the vicious system which denies us our birth-right of self-determination and we shall continue this struggle for freedom with undying faith in the righteousness of our cause . . . .

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadian Urban): May I rise to a point of order, Sir? Is the Honourable Member in order in stating that the Chair is the visible symbol of the bureaucracy?

**Mr. President** (Addressing Mr. Amar Nath Dutt): Will the Honourable Member resume his seat? (To Mr. Jamnadas Mehta) What is the point of order?

**Mr. Jamnadas M. Mehta:** Is my Honourable friend in order in referring to the Chair as the visible symbol of the bureaucracy?

**Mr. President:** The Honourable Member has earned the gravest displeasure of the Chair by the use of such expression; but what is the Honourable Member's party doing?

**Mr. Amar Nath Dutt:** So long as . . . .

**Mr. President:** Is the Honourable Member prepared to withdraw those words?

**Mr. Amar Nath Dutt:** Yes.

So long as this system continues, so long as we are not given real power over the Budget, our attitude will be one of uncompromising opposition to the vicious system which denies us our birth-right of self-determination and we shall continue this struggle for freedom with undying faith in the righteousness of our cause, which will one day lead us to the Promised Land for

"Freedom's battle once begun,  
Bequeathed from bleeding sire to son,  
Though baffled oft, is ever won."

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): I propose, as I did in the Railway Budget, to deal with the statement on the effects of 1s. 4d. and to restrict myself to that subject during the short time at my disposal. Before, however, doing so, I wish to be allowed to refer to a remark which fell from the lips of the Honourable the Finance Member in reference to the amount of revenue which has been foregone by the remission of the cotton excise duty. I sensed a note of disappointment in that the mill industry has not expressed, shall I say, a sufficiently lively spirit of gratitude for the relief afforded to it.

**The Honourable Sir Basil Blackett:** Has he evincéd any?

**Sir Victor Sassoon:** And I do feel that some explanation is due to the House and to the Honourable Member for any such lapse. It may be that any lack of warmth is due to the fact that though the remission of the duty relieved us of  $3\frac{1}{2}$  per cent. of the cost of our product the exchange policy of the Government has penalised us to-day by over  $5\frac{1}{2}$  per cent. In other words, we have been given what is sometimes called an Irishman's rise. I wonder whether to-day, if it were announced that the Members on the front Treasury Benches were to receive an increment of Rs. 600 a month to their salaries, provided that the monthly rent of the comfortable houses that are put at their disposal by a beneficent Government was to be increased by Rs. 1,000, we should see tears of joy coursing down their cheeks. I doubt it and that is my reason, my excuse for any lack of warmth in the expression of gratitude on the part of the mill industry.

Now, let me turn to the statement. As to paragraph 2 I will content myself with saying that as the fall in the cost of living has been negligible during the rise from 1s. 4d. gold to 1s. 6d. gold I see no reason to anticipate a readjustment of an adjustment to a ratio which has never taken place. As regards paragraph 3 (a) I accept the statement that there will be an extra expenditure of rupees necessary for sterling obligations but I cannot accept the statement in paragraph 3 (b) that there would be a  $7\frac{1}{2}$  per cent. increase in the cost of local produce. Experience has shown that the prices of local produce have not adjusted themselves in the aggregate except to a trifling degree to the 1s. 6d. ratio and so I would suggest dividing the estimate by about 4 and allowing, say, Rs. 30 lakhs instead of Rs. 112 lakhs. I now pass to 4 (c). Here the author of the statement trots out the bogey of general dislocation of trade. (*An Honourable Member:* "Bogey?") Yes, here are two bogeys, sudden rise in prices, and financial effect of a sudden drop in exchange. I think I have previously shown to the House how little the cost of living has dropped through the rise in exchange and how little it is likely to rise during the proposed exchange readjustment. That disposes of the bogey of high prices as far as the consumer is concerned. Now for the bogey of a sudden drop to 1s. 4d. causing an acute crisis, I ask how? To-day the importers have, I am credibly assured, covered all their forward commitments. They have learnt the lesson of not trusting in Government assurances and of not gambling in exchange. A drop in exchange, therefore, would not hurt them, but would, on the contrary, engender confidence in a body of merchants who have been having a very thin time during the last few years and by stimulating business would offer an opportunity to the large class of unemployed clerks of finding new situations, thus being in a position again to earn their daily bread. I therefore see no reason for estimating a deficit of a crore of rupees in income-tax receipts due to dislocation of trade.

**The Honourable Sir Basil Blackett:** Where does the crore come from?

**Sir Victor Sassoon:** I do not know. It is put down, loss of a crore in collection of income-tax. (*An Honourable Member:* "That is Customs".) I beg your pardon. It merely says it would be appreciable. Then I will allow nothing for the "appreciable loss in collecting taxes" due to this cause.

As regards Messrs. Hardy and Tottenham's minute, I do not think I need waste much time, for as my Honourable friend, Mr. Birla, has shown us, although these gentlemen anticipate a loss of Rs. 126 lakhs, Mr. McWatters in his note to the Currency Commission anticipated a

profit of Rs. 262 lakhs by the return to 1s. 4d. but admittedly Mr. McWatters did not allow for any diminution in imports. The authors of this minute through this alleged diminution consider that there will be a loss of Rs. 126 lakhs from a profit of Rs. 262 lakhs. I will only say that if a 11 per cent. rise in c.i.f. prices, not retail prices, is going to effect imports to such an extent by having so great an influence on consumption, a drop all round in import duties should increase the net return to Government very appreciably even under the 1s. 6d. rate. Of course, the real reason is this. In prosperous times a slight rise in the cost of certain products does not check consumption whereas depressed times even despite a fall in commodity values are liable to restrict consumption and therefore imports of commodities.

Now, let me deal with Mr. Brayne's bombshell on page 4, item 6, where he says that if we go back to 1s. 4d. we shall require Rs. 56½ crores extra to pay the sterling debt. That is, however, only one side of the picture. India has a rupee as well as sterling debt and I propose taking both sides of the picture together, and as I cannot add sterling to rupees I propose to convert both these debts into terms of grains of gold. Whether we have 1s. 6d. or 1s. 4d. the sterling debt of £339·3 million remains constant as 3,834 crores and 9 lakhs of grains of gold but the rupee debt of Rs. 523·14 crores at 1s. 6d. is equal to 4,430 crores 99 lakhs of grains of gold, and at 1s. 4d. it is equal to 3,939 crores and 24 lakhs of grains of gold. So that the total debt of India by the rise to 1s. 6d. has been increased by 491 crores and 75 lakhs of grains of gold. If we convert these to rupees at 1s. 4d. we find that the total debt of India has been arbitrarily increased by Rs. 65,30,54,360 1-4d. rupees. And if we allow for adjustment for the long term issue of new money at the time of 1s. 6d. exchange I think I am safe in saying that the Government will saddle the people of India with an additional debt of Rs. 60 crores which will have to be . . . .

**The Revd. Dr. E. M. Macphail** (Madras: European): May I ask the Honourable Member if he knows what the debt was before the War?

**Sir Victor Sassoon**: The Honourable Member will have an opportunity of making his statement when comparing the figures. I take it that the equivalent of at least Rs. 60 crores is the amount which this country is being saddled with by an increase in the rate of exchange.

But besides this future liability to pay 60 crores, there is the interest to consider. If we take it at 4½ per cent., this amounts to 270 lakhs, so the House can see where one of the sources of the budget surplus comes from, one of the reasons which enables the Finance Member to make large remissions of provincial contributions, and the House can fairly see that, although we are told in this Memorandum that there will be 56½ crores to be found for the sterling debt, if we go back to 1s. 4d. the net gold advantage to the country is 60 crores. As for the other sources required to make up the surplus, my friend, Mr. Birla, has shown you how, owing to the fact that we have had a rise in exchange, the rupee revenue of the Government has appeared to be dropping, when, in point of fact, it has been rising in terms of gold. We have, therefore, been paying more than we thought, in terms of gold. If his figures are right—which I see no reason to doubt—there is another 60 crores which the Government has received during the last four or five years, and if we add that amount to the 270 lakhs merely interest on this amount of 60 crores capital debt which must be paid, I think we can see quite easily why there is such a big surplus and

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why we can have such large remissions. If we had been in prosperous times to-day there might have been an excuse for taxing the country in this manner, there might have been some justification in prosperous times, but we are not having good times in spite of the quotation which the Honourable Member has made from Mr. Shroff, whose views will find anything but wide endorsement inasmuch as a large body of commercial opinion in the Bombay province and I understand Madras too has not found that the past year has been prosperous generally for trade and commerce, and if we are to look at the income-tax figures, I maintain that those figures do not show the real position. The increase in the income-tax returns has not been due to larger profits to the country. It has been due to increased efficiency in collection. I maintain that if that increased efficiency had been in force in the past, then the returns would have shown a decrease and not an increase, and therefore I conclude by saying that I suggest that this House should not accept these estimates which have been given as the consequences of a return to what I am told it is now becoming the fashion to call the unnatural ratio of one and four pence, because we are told that one and six is now the natural ratio and no doubt at some future period somebody from the Government Benches will deplore the action of previous Governments which forced an unnatural ratio of one and four pence upon the country for nearly twenty years.

**Mr. Dharendra Kanta Lahiri Ohaudhury:** Sir, it is a great pleasure when, on turning the pages of the budget estimates for 1927-28, I find there is an increase in almost all the items of revenue, and I cannot but congratulate the Honourable the Finance Member on giving us a surplus Budget along with certain changes in taxation, somewhere reduction and elsewhere total abolition. Not only this, Sir, the Honourable Member has aimed at gradual restoration of some of the cuts—the result of the Inchcape axe—and has just now provided at least for one of them, I mean the five-year programme for the expansion of education in the Frontier provinces.

Sir, it is also very gratifying to find that the Honourable the Finance Member attempts to act according to the declared intention of the Government of India for the reduction and eventual extinction of the provincial contributions, and thereby, as he very rightly says, open means “to secure the advantage for India, economic and social and the stimulus to the successful working of the Reforms, which will flow from the release of 5·45 crores of revenue to the provinces for expenditure on those nation-building services which all true friends of India and of the Reforms have so deeply at heart.”

But, Sir, when we learn from the Honourable Member that the surplus Budget and its corollary, the changes in taxation and the reduction and eventual extinction of the provincial contributions are due to the facts, (1) the 1s. 6d. ratio of the rupee, (2) and the retention of the salt duty, my spirits come down and enthusiasm flags. He told us at the time of presenting the Budget the other day that “the reduction of the ratio to 1s. 4d. would result in 1927-28 in a total worsening of our position by 5·26 crores” and thus there would be the resulting deficit of 1·56 crores. If, Sir, a surplus budget is to be had only by a deliberate manipulation of the rate of exchange, I regret I cannot associate myself with the Honourable Member in what he calls “a great stroke of good fortune for himself and a happy augury for the financial work of the New Assembly.” The ratio controversy

will be discussed on its merits next week and I shall be ruled out of order if I now open any discussion of the merits of the rival ratios. But, Sir, I feel tempted to note here the fact that previously whenever deficits occurred, the then Finance Member attributed them to the falling rupee and resorted to the expedient of additional taxation explaining that that was the only way to avoid national bankruptcy. May we not now, Sir, expect from their successor, the Honourable Sir Basil Blackett, a reduction in the taxation especially the ones which concern the poor, I mean the salt duty and high postage stamps, when there is a surplus and a rising rupee; if at all that rising rupee is to be artificially maintained?

It is, Sir, really a very important principle of public finance to have balanced budgets and the expectation of a good government is wild imagery without a sound finance. But, Sir, I fail to follow a balanced budget which is mainly due to currency surpluses. If there is any apprehension of national bankruptcy in the absence of a manipulation of the ratio of exchange, the Honourable the Finance Member may reduce the military expenditure which was reduced by 15 crores in 1922-23.

Next, Sir, in considering the level of taxation in India and the administration of the revenues so raised, it is, I think, necessary to bear in mind two important points; (1) a great portion of our revenues, so much as 42·5868 per cent. of the total revenue is spent on military purposes and *ipso facto* brings no commercial equivalent to our country; and (2) the country whose finances are now under consideration is not only poor but very poor. The bulk of our countrymen whose economic condition is the point at issue have nothing to do with the imports of motor cars or motor accessories. They care more for salt and cheap postcards. Financial experts and economists of all times have denounced the salt duty and more so when it is imposed upon a poor people. In view of these facts it is a matter for great surprise, no less than for intense regret and disappointment, that Government have not taken the present opportunity of a surplus of 3·70 crores to reduce a rate of duty, admittedly oppressive, on a prime necessary of life. The Honourable Member, Sir, seems to be extremely satisfied to find the Central revenues independent of assistance from the provincial tax-payer.

He proposes that the import duty on motor cars should be reduced from 30 per cent. to 20 per cent. *ad valorem* and the import duty on motor tyres should be reduced from 30 per cent. to 15 per cent., and he thinks that this measure will be universally popular. I am afraid, Sir, that the Honourable the Finance Member is not aware of the fact that of our total population of 316 millions in India, over 220 millions are agriculturists and they care more for bullock carts and for country boats as the means of transport to carry their produce to the market, than for motor cars. Sir, these are some of the observations that suggested themselves to me when I read the Financial Statement which my Honourable friend presented to the House the other day. The undertaking that he has given with regard to the five-year programme for the expansion of education, the various programmes for sanitation and for beneficial services and the honest attempt to free the Central revenues from provincial assistance and some other measures require a large surplus, and I look fervently to the day when my Honourable friend who comes to this House with a balanced budget since his arrival will present the House with a real surplus independent of such facts as currency manipulations, salt duty and high postage rates.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhamadan Rural): Sir, I wish just to make four points in connection with the general discussion on the Budget. My first point is that some years ago this House decided, with the concurrence of the non-official European Members, that the entire Budget should be submitted to the vote of the House. Far from complying with that Resolution of the Legislative Assembly, as my friend Mr. Rangaswami Iyengar has pointed out, the Government took the reactionary step of curtailing the then existing power of the House. I join with him in protesting against the curtailment of our power. I shall have to speak more on this subject when we deal with the vote on the Executive Council. For the present I entirely concur with the speakers who deprecate the curtailment of power brought about with the concurrence of the Government of India.

The second point I wish to make, Sir, is this. I find that the Honourable the Finance Member has made no reference, not even a passing reference to the appallingly growing national expenditure of the country. Let me give to Honourable Members these figures. They are startling in themselves, and when Members know what they represent I have no doubt they will realise that this Budget, far from being a satisfactory budget deserving of a chorus of applause, is a budget which the Honourable the Finance Member should have presented in sackcloth and ashes. What is the state of the finances of the country? I find from the decennial summary, leaving out the lakhs, that our national revenue in 1914-15 was 76 crores and the expenditure was 78 crores. Now let me give you the gradual increase of revenue and of expenditure:

In 1915-16 the revenue was		80 crores	and expenditure	81 crores.
1916-17	"	98	"	87 "
1917-18	"	118	"	106 "
1918-19	"	130	"	136 "
1919-20	"	137	"	160 "
1920-21	"	135	"	161 "
1921-22	"	115	"	142 "
1922-23	"	121	"	136 "
1923-24	"	133	"	130 "
1924-25	"	138	"	132 "
1925-26	"	133	"	130 "

The position therefore is this. Within the last 13 years the revenue has gone up from 76 to 133 crores. I leave out the lakhs. And the expenditure has risen from 78 to 130 crores. Now does the Honourable the Finance Member regard this as a satisfactory feature of the national Budget? Sir, four years back I drew the attention of the Government to this appallingly growing expenditure and I moved for the appointment of a retrenchment board and the immediate appointment of a retrenchment committee. The Honourable occupants of the Treasury Benches opposed my Resolution tooth and nail and they said the expenditure in this country was the lowest possible commensurate with peace and security. Nevertheless, when the Resolution was passed, they appointed what was known as the Inchcape Committee, and it recommended cuts to the extent of 20½ crores of rupees, and if I understand aright, the Government accepted *en bloc* the recommendations



of the Incheape Committee, and now we find for the first time a declaration from no less a personage than the Honourable the Finance Member that some of the recommendations of that Committee were short-sighted and this is an indication that the Government have decided to scrap, and in fact they already have scrapped, some of the recommendations of that expert Committee. I, therefore, submit that the time has now come when this House must henceforth take decisive action and once more ask the Government to establish a permanent Retrenchment Board for the purpose of revising additional expenditure and curtailing the growing national expenditure which has been rising in such an alarming way from year to year . . . .

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): What about the Finance Committee?

**Sir Hari Singh Gour:** I will reply to it later. That is the first point I wish to make in connection with the general discussion. My second point is that we find from the Budgets of the last six years that the Government have taken it for granted that an expenditure in the neighbourhood of 130 crores is usual expenditure. In other words, while we are deprecating the growing expenditure, the Government present their Budgets from year to year for the purpose of standardizing expenditure. No effort is made to reduce taxation, no effort is made for greater economy, and this I submit is an alarming feature of the Budget.

My third point, Sir, is this. I have examined the Budgets of the last four years and I find, Sir, that the surpluses to which the Honourable the Finance Member has referred are, at any rate in the years 1924-25 and 1925-26, due to adventitious causes. The Honourable the Finance Member referred in the budget speech of 1924-25 to the windfall of Rs. 473 lakhs as profits from the control of enemy ships belonging to India (see paragraph 21 of the speech). Now, Sir, that has been carried to the ordinary revenue, whereas I submit that this windfall should have been set apart for the purpose of reducing the contribution which India made for the purposes of the war . . . .

**Mr. K. Ahmed:** What about the construction of New Delhi?

**Sir Hari Singh Gour:** That of course my friend Mr. Kabeerud Din Ahmed will deal with. Then, Sir, the second contributory cause of these so-called surpluses is the manipulation of the exchange; and the Honourable the Finance Member in his speech the other day made no secret of the fact that if exchange is taken at 1s. 4d., instead of 1s. 6d., at which rate he has prepared the Budget, there will be a net loss of Rs. 1,56,00,000 instead of the anticipated surplus of Rs. 3,70,00,000. Consequently this so-called surplus budget is a fictitious surplus budget. It depends upon the ratio of the rupee to sterling.

My third submission in connection with this surplus budget is that during the last few years—and I have examined the figures only of the last three years for the purpose of illustrating my point—there has been a steady under-estimation of the revenue and over-estimation of the expenditure. Now let me give you a few illustrative facts culled from the Budgets of the last few years. The Honourable the Finance Member will admit that under the head 'Customs' there was a surplus last year and the year before last. The surplus in 1925-26 was 2.72 crores of rupees and

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in 1926-27 3·10 crores of rupees. Now this is a flagrant case of under-estimation of the receipts of revenue and there are other instances which if I had time I could bring to the notice of the House. I therefore submit that this constant and recurring under-estimation of the revenue and over-budgeting of the expenditure is responsible in no small degree for the annually recurring surplus to which my Honourable friend the Finance Member has triumphantly alluded in his opening budget speech. I should like, Sir, that future Budgets should be prepared with a greater approximation to the realities of the situation and that there should not be this discrepancy between the estimates and the actuals that we discover in the years to which I have referred.

My next point, Sir, is this. I was reading with a great deal of interest Reuter's telegram dealing with the presentation of the Budget in the House of Commons and I was gratified to find that during the last three years a systematic effort has been made by the Chancellor of the Exchequer to reduce taxation and to relieve the middle classes of the heavy burden which was thrown upon them by the exigencies of the War. The income-tax has been reduced and this year we find from the figures reported to us by the press that no less than £40 million of national expenditure will be reduced in the ensuing year.

**The Honourable Sir Basil Blackett:** I should like to ask the Honourable Member what those interesting figures are. The British Budget will not be introduced for another six weeks.

**Sir Hari Singh Gour:** I am referring, Sir, to the telegram which was published in the daily papers only about two or three days back, and if the Honourable Member would like to have a cutting from the newspapers I shall give it him.

**The Honourable Sir Basil Blackett:** It was not the Budget; it was merely the Civil Service and other Estimates.

**Sir Hari Singh Gour:** I stand corrected. My Honourable friend knows what I am referring to. Now, Sir, I would ask the House once more to repeat what we have been trying to repeat in the last two Assemblies, that whenever you have these windfalls in the way of excess realisations from Customs or other sources of revenue the first and foremost thing you are bound to do is to reduce taxation. I am not one of those who would in the slightest degree oppose the remission of provincial contributions, but what I do say is if you have any unexpected windfalls—and I call these surplus receipts from Customs and other revenues windfalls because you did not budget for them and you did not expect them, you got them as though they were thrown out of the clouds and therefore this is an indirect taxation upon the country, and I submit that the tax-payer is entitled to relief therefrom. Now what relief have you given? You say that if we pass the 1s. 6d. ratio then the provinces will receive a remission of their provincial contributions. If, on the other hand, we do not sanction the 1s. 6d., but go back to the 1s. 4d. rate then we are confronted with a deficit Budget of 1½ crores of rupees. That, I submit, is not a satisfactory state of affairs. I suggest, Sir, that the Honourable the Finance Member should feel a certain degree of commiseration with those who have to pay high taxes and were made liable to pay high taxes on account of temporary measures enacted during the War. The super-tax

is a tax of that character and no relief is forthcoming on that account. My friend Mr. Amar Nath Dutt has rightly alluded to the harsh and extortionate manner in which the income-tax is assessed in the provinces and year after year the Income-tax Officer justifies his deputation and his larger emoluments by asking the assessee how much more he is prepared to pay. It is all very well for those whose salaries are fixed and whose income-tax is deducted before payment, but the Honourable the Finance Member little knows of the discontent that is being caused in the provinces by these assessors and the Income-tax Department realising monies in the manner which, as I have pointed out, is causing the utmost discontent among the middle classes and the assesseees in the provinces.

One more word and I have done. Under the various heads we find in the present Budget the Honourable the Finance Member has referred in thick black letters to the additional expenditure for which he wants the vote of this House, and the Finance Member has referred very frequently to the sanction given by the Standing Finance Committee to these items of expenditure. I wish, Sir, to point out once more to this House that while we pay due respect to our representatives who are members of the Finance Committee, we should be guilty of a singular abnegation of our powers and responsibilities if we were to accept the decision of that Committee as immutable and final. I therefore suggest, Sir, that if this House decides to establish a retrenchment board of experts and representatives of the House it is the one board that is likely effectively to control this appallingly growing national expenditure. The military expenditure is a question upon which this House feels growingly uneasy. The Inchcape Committee fixed 50 crores of rupees as a maximum and we find here that there is no possibility of that estimate being reached. I drew the attention of the Finance Member to the decision reached by the Brussels Conference, composed as it was of the expert financiers of the world and in which the Government of India and the India Office were represented. In a considered report they have pointed out that any country that spends more than 20 per cent. of its gross revenue upon the upkeep of its army is riding for a fall. But what is the proportion of expenditure upon the military in this country? We are told that it is in the neighbourhood of Rs. 54 crores. I suggest, Sir, that the Finance Member should add to that, expenditure classed in this budget under such heads as losses on strategic railways, military cantonments and bazars, hill stations mainly if not entirely maintained for the upkeep of European troops, military roads, frontier police, border police, armed constabulary and the like (*Lala Lajpat Rai*: "Civil aviation"), and civil aviation, as my friend Lala Lajpat Rai tells me. I wish to ask, why all these heads, which, as the Honourable the Finance Member himself would admit, are due mainly or partly to the exigencies of the Army, should not be classed and added under the head of military expenditure? I have been interpellating the Government to give me the sum total of expenditure under this head; but so far I have failed. I once more reiterate my demands by asking the Honourable the Finance Member to add up all these figures and inform the House as to what amount is really spent under the head 'military expenditure'.

**The Honourable Sir Basil Blackett:** Will the Honourable Member let me know which he wants omitted as non-military?

**Sir Hari Singh Gour:** Sir, I trust to the discretion of the Honourable the Finance Member to guide me in that direction. All I can say is that when he presents me the figures, with the details I wish, I shall then offer him my criticism. It is not my duty to present the Budget. If it were I certainly would not have taken the Honourable the Finance Member's advice as he is soliciting mine. I therefore say, Sir, that the military expenditure is not merely Rs. 54 crores which it is represented to be and which is growing year by year. We have the sum of Rs. 1 crore added this year under the head 'Royal Air Force'. Now, a short history of the military expenditure would interest this House, especially the new Members who are not conversant with the history of military expenditure in this country. Some years back a committee known as Lord Esher's Committee decided that the Indian Army shall be a part of the Imperial Forces. Thereupon, Sir, we moved a Resolution in this House for the appointment of a Committee to examine the attitude taken up by Lord Esher's Committee and this House decided that the function of the Indian Army was purely Indian and that it should not be regarded as a part of the Imperial Forces; and a Resolution to that effect was passed with the concurrence of all sections of the House, including Government. Since then, I find from the reports of the House of Commons that Whitehall have not been able to accept this Resolution of the House, backed though it was by the Government of India; and in the last Assembly I drew the attention of His Excellency the Commander-in-Chief and the Army Secretary to a statement made by the Under Secretary of State for War, who declared that he was not able to accept the recommendation of the Inchcape Committee for the reduction of British troops in India on the ground that that would involve an additional burden upon the British tax-payer. That statement was at first challenged, but afterwards when we produced the official report of debates in the House of Commons, it was admitted though the Honourable the Army Secretary ejaculated *solito voce* that that was not the view of the Government of India. Now, I wish really to ask "Is the military policy of the Government of India controlled by the Government of India or is it dictated by Whitehall?" I should really like to have a statement on that subject. If we are a subordinate government six thousand miles away and if the policy as regards military expenditure is being dictated by Whitehall we should know where we are. (*Mr. M. A. Jinnah:* "Do you not know it now?") My friend, Mr. Jinnah, says "Do you not know it now?" Yes, Sir; I do; but I want a confession from the occupants of the Treasury Benches. They have been telling us, assuring us year after year that the Government of India so far as the question of military expenditure is concerned are autonomous and that their policy is not dictated by Whitehall.

**Mr. President:** Order, order; the Honourable Member must conclude his observations.

**Sir Hari Singh Gour:** I should, therefore, Sir, like to have a re-assurance on this point from the occupants of the Treasury Benches. These are the points upon which I wish to invite the attention of this House in the course of this general debate.

**Mr. Jamnadas M. Mehta:** Sir, I beg to offer my congratulations to the Honourable the Finance Member, not on his Budget but on his plausibility; indeed, Sir, this Budget is a masterpiece of plausibility. You will find that the Finance Member has to go to the Stock Exchange in Bombay to enable him to make a statement that the trade in this country has been good.

He would have done better to seek inspiration from the Honourable the Commerce Member or Sir Clement Hindley who in their budget speeches before the Assembly and the Council of State have admitted that the closing year has been one of universal trade depression. He might further have sought inspiration from the Finance Member of Bombay, from the Finance Member of Bengal and, I understand, of Assam also, who should be expected to know better than Mr. Shroff, the President of the Stock Exchange in Bombay, yet Sir, in order to give some plausibility to an obviously unfounded statement he has left all these authoritative sources of information alone and has been quite content to rely on the Bombay Stock Exchange which, we are often told, consists of speculators and not business men. Well, Sir, I must leave the matter there for him to be settled between the three provincial Finance Members and the two Members of his own Government representing the railways on the one hand and Mr. Shroff and himself on the other.

But perhaps the best and the most reliable testimony in this matter would be the returns under three or four heads of revenue which are our legitimate sources of taxation, that is, Customs, Income-tax, Salt and other heads; and you will find that under almost every head during the last four or five years receipts have either stagnated or decreased; and that is the clearest indication that everything is not well with this country in the matter of its purchasing power or with its trade and commerce. I find that under Customs the revenue has decreased under most heads; and but for certain accidental features of the customs returns to which I shall refer later, the customs revenue to-day would have been where it was in

1 P.M. the year 1922-23. As the House is aware, since the last two or three years, we have adopted protection, and the special protective duties since 1924-25 have been bringing us an amount of additional revenue from Customs which cannot be claimed at the normal source of revenue. In the year 1927-28 this, together with another additional source of revenue from Customs, is estimated at 4 crores 10 lakhs or thereabout . . . . .

**The Honourable Sir Basil Blackett:** Additional?

**Mr. Jamnadas M. Mehta:** I am prepared to make an allowance for revenue portion of these duties. The head under which they are shown is "Protective special duties", and the figures are 2 crores 75 lakhs under Iron and Steel and under railway track material 27 lakhs under paper and stationery, and about 7.5 lakhs under cement and printers ink; as the House is aware we have given protection to paper, we have also given protection to cement, printer's ink. . . .

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): It is marked under protective duties.

**Mr. Jamnadas M. Mehta:** Yes, Sir, it is shown in the Explanatory Memorandum under protective duties; further on account of a certain decision of the Privy Council, it has now been the practice since 1924-25 to charge customs duty on railway plant and rolling stock imported by Government, and this amount which did not appear in the Budgets previous to the year 1924-25, is now shown under head Customs and is responsible for the income of 60 lakhs in 1924-25 and for 1 crore and 2 lakhs in 1927-28. I am prepared to make any allowance out of this for whatever may be the revenue duty; but there is no doubt that out of these 4 crores, 3 crores will represent the customs duty,—I think I am supported in this statement by

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the speech of the Honourable Sir Charles Innes on the Bill for the protection of the steel industry. I state, subject to correction by the Honourable the Finance Member, that out of 4 crores 10 lakhs, 3 crores represent an amount which would not have been forthcoming in previous years. That being the case, if you look at the returns of customs revenue, which is 47 crores to-day, and if you deduct from that 3 to 4 crores, it goes back to the year 1924-25 when the customs revenue was 44 crores. I make allowance further for the remission of  $3\frac{1}{2}$  per cent. duty; but after all is said and done, there is either stagnation or decrease in the customs duty due to the trade depression during the last four years. Sir, this is the best index for finding out whether during the term of stewardship of the Honourable the Finance Member there has been any prosperity in the trade and industry of this country, and the conclusion must be that there is none. Of course, income from liquors has risen; Sir, we have always held that under an appreciated rupee the importers of luxuries do benefit; these imports have increased. For instance, income under liquors, ale, beer, port, cider, income from all these liquors has gone up from 2 crores 34 lakhs in 1922-23 to 2 crores 76 lakhs in 1927-28. That shows that those who received the Lee concessions are thoroughly enjoying them, and that also proves further that these concessions were not necessary. Then, Sir, what has decreased is the poor man's income his purchasing power having diminished, cotton yarn and thread, cotton piece-goods and other imports have decreased. There being no enterprise in the country, machinery has decreased in imports, while articles of food and drink which are imported by the recipients of the Lee Concession have of course increased. Raw materials have decreased. Motor cars and cycles have increased. The imports of tyres and tubes have also increased, and all these clearly demonstrate what we have been contending all these years that the benefit of low prices as a result of the higher exchange goes to the richer men and not to the poor. This is my observation, Sir, on the so-called prosperity of the country.

Receipts from export duties also show who gains and who does not. The same stagnation and deterioration in the revenue from income-tax will be found reflected in the budget figures of the last four or five years, but as my friend Mr. Birla has adverted to it, I need not detain the House longer. I will only refer to one more item. On page 5 in the Explanatory Memorandum, you will find that the super-tax from Bombay and other places has steadily gone down; particularly in Bombay, where from 2 crores and 3 lakhs in 1923-24 it has dwindled down to 94 lakhs in the budget year. That reduction of over one crore of rupees in the receipts from super-tax is a clear indication, in fact the surest indication of what the condition of the trade and industry in Bombay must be.

The receipts from Salt have not increased. The receipts from Salt which in the year 1924-25 when the salt tax had been reduced to normal were 6 crores 11 lakhs, have gone down to a little beyond 5 crores and 50 lakhs, and still there is a margin of 51 lakhs to be reached before a return to . . . .

**The Honourable Sir Basil Blackett:** Surely the Honourable Member is aware that the duty having been higher before, the receipts were bigger.

**Mr. Jamnadas M. Mehta:** That is due to the fact that the purchasing capacity of the people has decreased; the higher duty was removed in 1924-

There is one head which shows an increase, and that is Opium. That has been increasing. All the illicit sources of revenue are increasing; most of the legitimate sources of income are either stagnant or are deteriorating, and if that is an indication of the prosperity of the country or of the good account which the Honourable the Finance Member has given, I say then Heaven help this country. The opium revenue has increased since 1923-24 from 1 crore 66 lakhs to 3 crores 11 lakhs in the course of four years. I think the future historian will condemn the Government of this country, and this Assembly also if it at all identifies itself with a policy which poisons the life of the Chinese and other people.

Then, Sir, I must turn to the few crumbs which the Honourable the Finance Member has thrown to the House. There is the reduction of import duty on motor cars, on motor tyres, on rubber seeds and so on. The stamp duty on cheques is abolished. The export duty on hides has been reduced, the export duty on tea is gone, but the net relief to the tax-payer is not over six lakhs. Now, Sir, I am reminded in this connection of the X'mas festivities. Overnight the children go to sleep with an assurance that at midnight Father X'mas will come into the house and leave various gifts for them. The next morning all the children gather round the X'mas tree quite merrily, each one having an assurance of a gift from Father X'mas or Santa Claus, whoever it may be, and they fall into the ecstasies of joy at the gifts which they find awaiting them. All the time the father and the mother are quite clear that it was their own money that was paying for these gifts; all the same, the children are delighted that once in a way at least things do drop from Heaven and are grateful to Santa Claus for the same. Now, the Finance Member is like Santa Claus distributing to the children in this House this pittance of 51 lakhs, and, as I will proceed to show, he has been realising from them crores upon crores both as a result of the high level of taxation and as a result of the manipulation of exchange. Sir, if the House turns to page 73 of his budget speech they will find there tabulated the figures of expenditure for the last 10 years, Honourable Members will see that the expenditure in India has risen from 87 crores in 1916-17 to 130 crores in 1925-26, a difference or rather an increase of 43 crores since 1916-17. That means that in the course of ten years we have been paying an additional taxation of 43 crores a year since 1916-17. Sir, that is not the whole story. As my friend Mr. Birla has pointed out, if you convert these 130 crores in terms of gold, at 8.47 grains of gold under the higher exchange value of the rupee, there is a further increase in one year alone of 17 crores of rupees. So that in the course of ten years, this Government has been taking from the people of this country in a single year 43 plus 17 crores which means 60 crores of rupees extra in the year 1925-26 over 1916-17. Sir, this well sums up the stewardship of the Honourable the Finance Member of the revenues of this country. He gives 51 lakhs after having taken 60 crores. If you take away my ten rupees and return only 10 annas or even less you are certainly not entitled to my gratitude. But that is exactly the position of the Honourable the Finance Member in this connection. Plausibility, Sir, cannot go further.

I will now turn, Sir, to the question of the possibility of a reduction in revenues and an increase in our debt if the House and the country reverted to the 1s. 4d. ratio. The fact of the matter is, Sir, as pointed out by my Honourable friend, Sir Victor Sassoon, that the burden of the rupee debt will increase under 18d. and not on 16d. rupee. He put it at 60 crores and I agree. Four crores of pounds would be the increased burden under the

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18d. ratio in the rupee debt of this country. The revenue receipts are not likely to go down under 1s. 4d.; they will certainly increase by a few crores. So far as the revenue expenditure is concerned it will certainly increase but not to the same extent; but are we not spending much more under the 18d. ratio than appears on the surface? Sir, since in 1923-24 the additional expenditure in terms of gold is in the neighbourhood of 16 million pounds which, at 16d., would mean 24 crores and in terms of a 1s. 6d. rupee, would mean a little less; 24 crores additional expenditure concealed under this appreciated rupee in the course of four years.

Now, Sir, I want lastly to draw the attention of this country and of this House to the extraordinary position in connection with our provision of Rs. 5 crores a year for debt redemption. I always held that the provision for debt redemption is out of all proportion to the requirements of the case. There was a debate in the year 1925 when we complained similarly. But Mr. Devaki Prasad Sinha was induced to say that our provision for debt redemption was by no means over-generous but that it was barely equal to what was being done in England where they were going to pay the entire debt in 20 years' time. The statement made by Mr. Devaki Prasad Sinha will be found on page 1149 of Vol. V, Part II of the Legislative Assembly Debates. Mr. Devaki Prasad Sinha said:

"Well, Sir, the British scheme of establishing a sinking fund for the payment of the unproductive debt of England contemplates its redemption in 20 years."

This was the extraordinary statement that was made by Mr. Devaki Prasad Sinha. But, what was more extraordinary, that statement was endorsed by the Honourable the Finance Member and that is on page 1158 of the same Volume. The Honourable the Finance Member said:

"I said that the size of the unproductive debt of this country at the present time was such that it would take a period of something over 30 years—something over 30 years is the right figure—on an assumed rate of interest to repay the unproductive debt, so that the amount we have chosen is not a sum which would repay the unproductive debt in an unreasonably short time, and my comparison with the United Kingdom was, as Mr. Devaki Prasad Sinha pointed out, to show that the United Kingdom had a sinking fund in operation to repay the whole of its debt which is all unproductive within about that period"

that is to say, 30 years.

Now, Sir, I have in my hand a publication called "National Debt" issued under the authority of the House of Commons, signed by Mr. Ronald McNeill, dated the 16th July 1926, and it shows that the statement made by Mr. Devaki Prasad Sinha, corroborated as it was by the Honourable the Finance Member on the floor of the House just two years ago, was an entire misstatement, grossly misleading and distorted. I do not know what office Mr. Ronald McNeill holds (*The Honourable Sir Basil Blackett*: "Financial Secretary to the Treasury")—but at any rate he represents the authority of the Government in England and that is quite enough for my purpose. He said that the total unproductive debt of England in 1926-27 would be 7,600 million pounds and the provision for debt redemption against this, if the Honourable Member was correct and wanted to repay it between 20 or 30 years time, would require every year setting aside 300 million pounds by way of debt redemption. What is the actual provision in 1926-27?



**Mr. President:** Order, order. The Honourable Member has exceeded his time.

**Mr. Jamnadas M. Mehta:** Very well, Sir, I will finish this argument and then stop. The actual facts are that the provision for debt redemption is not 300 millions but only 50 millions.

**The Honourable Sir Basil Blackett:** 60 million pounds. The Honourable Member is a year behind: that's all.

**Mr. Jamnadas M. Mehta:** Even if you are a year in advance, even, Sir, if the Honourable Member is a year in advance, he is wrong by 500 per cent. He has stated that the debt in England would be paid in between 20 to 30 years and on the authority of this pamphlet it is clear that it cannot be paid earlier than 125 years, and yet owing to the misleading and I say grossly, misleading statement of the Honourable the Finance Member, the debate in 1925 was thrown on a wrong track. As I have said, Sir, our provision for debt redemption is as a matter of fact four times the provision for debt redemption in England. We are paying Rs. 4 for debt redemption when England is paying Re. 1, and the whole of their debt is unproductive. We are called upon to pay four times for debt redemption in the name of our credit; even richer England is satisfied with one rupee. Sir, what would we think of a father who will starve his children, leave them unclad, illiterate, but pay back to the usurer his capital so quickly. The Honourable the Finance Member talked of the 300 schools and the romance behind the relief of 5.45 crores of provincial contribution.

**Mr. President:** The Honourable Member must now close.

**Mr. Jamnadas M. Mehta:** Sir, all that I say is that behind this so-called romance lies concealed the tragedy of an overtaxed, illiterate and starving India.

**Khan Bahadur Haji Abdulla Haji Kasim** (West Coast and Nilgiris: Muhammadan): Sir, I rise to congratulate the Honourable the Finance Member on the lucid speech he made in presenting this year's Budget which is shown as a clean surplus Budget of three and odd crores. We were all delighted with such a favourable account of our national finances and we are doubly so, when we learn that with this year the provincial contributions are to be abolished once and for ever.

Now, Sir, I wish to make a few observations on the changes in taxation brought forward for the coming year. While we do appreciate, Sir, the abolition of some of the duties, we still, however, feel that the Government should have reduced the duty on salt, which taxes the poor man indeed. Sir, we wish to take this opportunity of expressing the strong feeling of the country in this matter. And I hope, Sir, that the Government, at a very early date, will see its way to abolish this duty altogether.

Now, Sir, I wish to touch upon a few topics that are of very near interest to me and to my constituency. I am happy to learn that the Honourable the Finance Member has generously provided for the spread of education on the Frontier and for the introduction of compulsory education in the Imperial Capital of Delhi. While I do not grudge this amount of beneficence on behalf of the Frontier and the Imperial Capital, I wish to say, Sir, that the Government ought to show a similar solicitude

[Khan Bahadur Haji Abdulla Haji Kasim.]

towards the educational progress of the Moplah children in Malabar. It is indeed a sad commentary, Sir, on the policy of the Government that no special attention is devoted to the cause of the Moplahs. Their education deserves careful handling and also sympathetic fostering. I trust, Sir, that the Government will soon do the needful in the matter.

This topic of the education of the Moplah children brings to my mind the sad fact of the Moplah prisoners in the Andamans. Sir, there is a very popular feeling that the Moplah prisoners in the Andamans should be brought back to India which is their home. Of course, Sir, I do not urge that they should be set free. I only want that instead of rotting in the unhealthy Andamans they should serve their remaining term of imprisonment in Indian jails. This will remove the unnecessary hardship of a forced exile to which the Moplah women are now subjected. Sir, on my way to Delhi I visited Malabar. There is a strong feeling in Malabar that the agents who were sent to Malabar from the Andamans to take the families of the convicts to the Andamans are doing a lot of havoc in Malabar. They are forcing the women to accompany them against their wish. I therefore appeal to the Government not to allow such things to be done in Malabar.

Sir, I will now touch on two more important matters. We have heard, Sir, that the Government would go in for a new loan of about ten crores for capital expenditure. If this is done, we request the Government not to forget the construction of a harbour at Malpe. This is not a chimerical scheme and to show that it is quite sound and a subject of practical politics I can quote the opinion of expert engineers like Sir John Wolfe Barry Lyster and Partners.

Sir, the other point I wish to touch upon refers to the appointment of a Muslim on the Madras High Court Bench. Just now, Sir, owing to the lamented death of Justice Sir Krishnan there is a vacancy on the High Court Bench. The whole of my community is not represented on the High Court Bench, and I have to urge, Sir, that the Government should take notice of this fact and do the needful. When the number was ten, there was one Muslim Judge; and even during his absence a Muslim was appointed as a temporary measure. Sir, when there are 14 Judges now, there is not even one. This has been so, for the last six years. This aspiration of my community the Government should respect.

Sir, I have no more to say except that I along with my Honourable friends feel grateful to the Honourable the Finance Member for the surplus Budget he has presented us. We do appreciate Sir Basil's great services on our behalf. And, Sir, I may say that Sir Basil rightly deserves the "breath taking tribute" offered last year by the Honourable Sir D. Wacha.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

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**Mr. Amar Nath Dutt:** Sir, with your permission, I beg to make a statement. I understand that some words which fell from me in the course

of my speech this morning have been taken in a sense in which I never intended them, I could not have intended them. I meant no reflection on the Chair, would not have meant any reflection on the Chair, because I have the highest regard for the Chair, and I am sorry that I used words in answer to an interruption which are capable of implying any disrespect to the Chair. I express my sincere regret to the Chair and the House for having used those words which I never meant.

**Mr. President:** I accept the expression of regret from the Honourable Member, but not without a word of warning. I have been always very jealous, as Honourable Members are aware, of the privileges of this House such as they are under the present constitution, and more so, of the dignity, the authority and the honour of this Chair, and any Honourable Member who uses any expression calculated in the slightest degree to cast any reflection or insinuation against the Chair directly or indirectly will incur the gravest displeasure of the Chair and will be severely dealt with, and I am sure I will have the support and co-operation of the whole House in this.

**Rai Sahib M. Harbilas Sarda** (Ajmer-Merwara: General): Sir, with your permission, I will say a few words as regards the administration of Ajmer-Merwara and one or two of our chief grievances, as this is the only opportunity afforded to us of bringing this matter before the House, for, long before the Budget for Ajmer-Merwara comes up for consideration, all discussion and debate will have been guillotined.

Sir, Ajmer-Merwara came into the possession of the British in 1818 A. D. and from that year up to 1871 it formed a part of a major province; in other words, it enjoyed all the rights and privileges of a Regulation province. But in 1871 it was separated and placed under the Foreign and Political Department of the Government of India. In other words, it was made a scheduled district and was subjected to the disabilities, the disqualifications and disadvantages imposed by the Scheduled Districts Act. Sir, the Scheduled Districts Act was framed to apply to backward tracts of India. Nothing was further from the intention or object of the framers of that enactment than that its provisions should ever be applied to places like Poona, Ahmedabad, Agra or Ajmer. As a result we have to stand out in the sun as far as local legislation is concerned, while the other provinces are forging ahead. We have been told and we have no reason to doubt the correctness of it, that Ajmer-Merwara was made a scheduled district not because Government thought that it was a backward tract, not because Government considered that its people were behind any other province in education, in intelligence, in culture, in the peaceful arts of life, in the amenities of civilisation or high historical tradition, but because it was found convenient, owing to its geographical situation to place it under the Foreign and Political Department of the Government of India. A great injustice was done to my province, Sir, when its political status was thus lowered. And do Government expect us now to continue to remain under these disabilities and look happy that we are governed as a backward tract? We hope, Sir, that Government would take this matter into consideration. I raised this question on the floor of this House two years ago and I considered that Government would do something for our province and devise some means whereby we may have some voice in the making of local laws and regulations.

[Rai Sahib M. Harbilas Sarda.]

Coming to one or two particular subjects, I wish to invite the attention of Government to the agricultural needs of my province. Sir, Ajmer-Merwara is geographically so situated that both the Arabian Sea current and the Bay monsoon look askance at us. One exhausts itself before it reaches the eastern borders of my province and the other dries up in passing over the parched plains of Western India. Famine or scarcity is, therefore, a normal feature of the economic existence of my province. It is all the more necessary, therefore, Sir, that the agricultural resources of Ajmer-Merwara should be utilised to their utmost extent and all possible measures should be taken to develop and augment them. There is at present not one agricultural expert in the whole of Rajputana. The political officers who rule my province do their best to promote agriculture, but as they are not agricultural experts they can do little to help it. We therefore hope that Government will take into early consideration the question of the establishment of an Institute of Agriculture at Ajmer. The Indian States of Rajputana would welcome the project, and, I am sure, would co-operate fully with Government in making it a success, to the advantage of both. The toiling millions of Rajputana who depend chiefly on agriculture would welcome and bless nothing so much as an Institute of Agriculture at Ajmer, with an agricultural expert at its head.

Sir, last year I invited the attention of Government to the heavy court-fees and process fees levied in my province. Considering that famine is a frequent though an unwelcome guest in Rajputana and that the agriculturists who are principally affected by these fees, have to bear this burden, I request that Government would take an early opportunity of reducing these duties to the scale levied 4 or 5 years ago.

Sir, the educational and the medical needs of the province should also be considered by Government. Not only have we to run the new General Hospital established in Ajmer but the medical needs of the small towns and villages in the province have also to be considered. Sir, I do not wish to go into the details of the administration or to recite all the requirements of my province during this general discussion on the Budget, but I wish to bring to the notice of Government that the people of Ajmer-Merwara are waiting, hoping and trusting that as the province is under the direct administration of the Government of India, the Government of India would consider the peculiar position and situation of the province and in justice to its people, supply their needs. Sir, when I find that the Budget makes provision this year for the establishment of 300 new schools in another scheduled district, namely, the North West Frontier Province, I cannot but exclaim with the Persian poet:

*"Auron ki taraf gul phenke hai balke samar bhi;*

*Ai abr-i-sakha baire Khuda kuchh to idhar bhi."*

"Thou droppeth flowers in the lap of others and fruit too

Oh generous cloud, for God's sake (drop) some at least this side too."

**Khan Bahadur Nawabzada Sayid Ashrafuddin Ahmad** (Bihar and Orissa: Nominated Non-Official): It was not my intention to make any speech as I wanted to hear the speeches of the distinguished Members of this House and to take information from them. But considering the importance of the Budget and the way in which it is criticised by my Honourable friends on the opposite side, I may be allowed to make a speech and will not take much time in doing it.

Speaking on the last Budget the Honourable Sir Dinshaw Wacha said in another place that it was the third epoch-making Budget in the annals of Indian finance. This year, Sir, the Finance Member has introduced a Budget which even beats its predecessor and I do not think it has fallen to the lot of any previous Finance Member to present two epoch-making Budgets in succession.

In January 1923, when my friend the Honourable the Finance Member landed in India, he was face to face with a succession of deficits. It was 23½ crores in 1919-20, 26 crores in 1920-21, 27½ crores in 1921-22 and he estimated the deficit in 1922-23 at 17½ crores. He began his first Budget by incurring, as one of the Honourable Members of this House then said, the odium of taxing sodium chloride. Events, Sir, have proved how necessary it was to prevent at any cost the recurrence of a deficit for a sixth year in succession. It was the first great step in restoring solvency to India's bankrupt finance and the first surplus Budget was realised in 1923-24. We have had since then four more continuous surplus Budgets including the Budget of the coming year. This, Sir, is a signal achievement of which any Finance Member may be proud. It is of course impossible to satisfy people who are determined always to complain. This class may naturally see in these recurring surpluses so much additional taxation taken from the people for which the Finance Member should be blamed. I for one, Sir, do not think that is a fair view to take. The Finance Member has not deliberately budgeted for a large surplus every year, but if the actuals have in the result turned out better than anticipated, I think, Sir, such a position is certainly better than a less cautious system of estimating which finally ends in deficits.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhamadan): Sir, this is probably the fourth "Prosperity Budget," if I may say so, which my Honourable friend the Finance Member has been able to produce in succession. It is not pleasant for me to strike a jarring note on an occasion like this, when the Honourable the Finance Member must be looking out for a chorus of congratulations from Honourable Members of the House. But I may be pardoned for asking as to how the general tax-payer of the country comes within any scheme of relief, which has been outlined for the distribution of the surplus. The man behind the plough finds no place in the picture presented by the Budget. The expenditure of the Government of India has not been substantially curtailed in any direction, the burden on the tax-payer has also not been reduced. Sir, it is customary on an occasion like this to make a general survey of the situation from China to Peru. But I shall not attempt the task. I shall confine myself only to a few, out of many, points that call for remark.

Sir, I regret to say that the Honourable the Finance Member has not seen his way to announce any reduction in postal rates. I will not attempt to vie with the Honourable Member in the jugglery of figures, for I admit, like a quick change artist, he can manipulate figures in any way he likes, to support a desired conclusion. But from the point of view of the man in the street, I will only say that the Telegraph Department is a heavy drag on the Postal Department. The former eats all the surplus of the latter's earnings. The postal men are paid less and have more arduous work than those of the Telegraph Department; and this unjust combination deprives the masses of the people who avail themselves of

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the Postal Service in a much larger measure than Telegraphs, of the benefits of cheap postage.

Sir, I am sorry that it has also not been possible for the Finance Member to announce any further reduction in the salt-tax. The salt-tax, I need hardly say, is the one tax that affects the poor more than any other class of the people. I should have been glad to see a further reduction in this duty, if not its total extinction. Professor Fawcett said that "salt should be as free as the air we breathe, and the water we drink."

So far back as 1888, this is what Lord Cross, as Secretary of State for India, said:

"The policy enunciated by the Government of India in 1877 was to give to the people throughout India, the means of obtaining an unlimited supply of salt at a very cheap rate, it being held that the interests of the people and of the public revenue were identical, and that the proper system was to levy a low duty on an unrestricted consumption."

The manufacture of salt as a state monopoly is, if I may venture to say so, a wrong done to the poor people of this country; and in the words of Sir Thomas Holland, who was formerly a Member of the Viceroy's Executive Council, "the rigid restrictions on the local manufacture of earth-salt which pressed very hard on the poor, cost more than its worth in revenue, and caused risks of agricultural deterioration."

Sir, in Orissa, hundreds of thousands of poor people, living on the sea-coast, have been deprived of their source of livelihood, by this ban on the private manufacture of earth salt, and are living in a state of chronic destitution.

Sir, the abolition of the salt-tax was an article of political faith with the Indian National Congress. Political and economic issues are interwoven with this question.

The late Mr. Gokhale, in his Budget speech of 1904, in the Imperial Legislative Council, said: "The salt duty question in India is essentially a poor man's question"; and he laid down that the soundest and best policy would be "to raise an expanding revenue on an expanding consumption under a diminishing scale of duties."

Sir, I shall now make a passing reference to the building of what is called Imperial Delhi. The gigantic scale, on which the new capital is planned and developed, is paralleled only by the wasteful expenditure involved in the project. Crores and crores of money have been sunk amidst tumbling grave yards, in bringing into life a city whose historic soil has seen numerous dynasties rise and fall. Famine, Plague, Pestilence, Flood, etc.,—these have become some of the normal features of the country for many years past; and to squander such a huge sum of money on a capital, in which the Government of India live only for about five months in the year, is a criminal waste of public money. It is a pompous pageant to a perishing population. Sir, I will not speak one word with regard to the monstrous design of the Council Building, which, I am afraid, cannot have many admirers, at least on this side of the House. When my Honourable friend Sir Bhupendra Nath Mitra was lavishing so much admiration on the author of the design and the architect, on the occasion of the opening ceremony by His Excellency the Viceroy on the

18th January last, I felt something must have been wrong with the building, which required to be covered up by so much praise. I now find that my Honourable friend, shrewd as he is, was probably indulging in a joke at the expense of the architect, for we all know the proverb, "Praise undeserved is satire in disguise." The whole building, besides being built on a lower level than the Secretariat, is in the form of a big circle, a zero, or a cypher; and this indicates its political significance.

Sir, I now pass on to make a few remarks on our military expenditure, which casts its sinister shadow across the whole field of Indian finance. This huge Octopus sits like a nightmare upon the finances of the country, and sucks the life-blood of the people. I will at once note with gratitude that some attempt has been made to reduce our military burdens; but I will not disguise the fact that the result so far achieved is still far from satisfactory. The Retrenchment Committee said that "it might be possible after a few years to reduce the military expenditure to a sum not exceeding 50 crores." Even this limit is not yet reached; and I regret to note that the Honourable the Finance Member in the course of his budget speech says that "the present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorized."

Sir, it is a truism that the possession of unrestricted resources tends to extravagance in expenditure. Gladstone said many years ago in the House of Commons that "economy is itself a great source of revenue"; and if I were asked to give at random an instance of reckless military expenditure, I would point to the criminal waste of money involved in the building of barracks, and the location of a military force in the honest little town of Muzaffarpur. Sir, the frontier of India is calm and tranquil, and there does not seem to be a speck of war cloud on the horizon. Ceaseless vigilance is no doubt essential, a sense of false security is undoubtedly undesirable; but the claim of the taxpayer to be relieved of a substantial portion of his military burden cannot be altogether brushed aside even in these piping times of peace. Sir, I feel a natural reluctance in speaking about matters military in the presence of His Excellency the Commander-in-Chief who I am glad to see is present in the House just now. The Report of the Auxiliary and Territorial Force Committee is still under the consideration of the Government, and no practical proposals have been placed before us. The report of the Sandhurst Committee is also kept in secrecy, and we are not permitted to know what its recommendations are. Sir, it is well known that a British soldier costs much more than an Indian sepoy; and if economy in our military expenditure is to be honestly pursued, the former should, as far as practicable, be replaced by the latter. Money instead of being poured like water on standing battalions should be saved by the formation of what I may call the citizen army. But distrust of the Indians is, I am afraid, writ large over the military policy of Government. I feel that the Army in India is more than is necessary for her internal purposes, or external defences; and with the establishment of the Royal Air Force, it is a question whether it is not possible to reduce our land forces accordingly. Sir, I must here express my gratitude to the military authorities and the Royal Air Force for having given many of us an opportunity of having joy rides in the Vickers Victoria aeroplane on the morning of the 22nd February; but I am constrained to add that it is humiliating for us to remember that although the Royal Air Force is maintained at the cost of India, no Indian

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is eligible for employment in that branch of the Army. We are also excluded from certain other important classes of military service, such as the gun section, the Artillery, and so forth.

Sir, if we had our own national Government, things would have been quite different from what they are to-day. Look at Japan, what that little island has been able to achieve in about 40 years under her own national Government, we have not been able to achieve even a fraction within a century and half of foreign rule.

Sir, this brings me by a process of natural sequence to a consideration of our political position, in what is known as the British Empire. We do not seem to have made much headway in that direction. We are still ploughing the sands of the sea-shore. But I venture to feel that the time-forces are with us. The writing on the wall cannot be mistaken; and even he who runs may read. The dead bones in the valley are instinct with life. It is no longer a true picture, which is portrayed in the lines:

“The East bowed low before the West,  
In silent deep disdain;  
She heard the legions thunder past  
And plunged in thought again.”

In spite of the fissiparous tendency that may be discernible on the surface, in spite of the attempts made in interested quarters to sow the seeds of dissention and distrust among us, I believe there is a divinity that shapes our ends, rough hew them how we will.

Sir, the history of British rule in India is strewn broadcast with fragments of broken pledges, and unredeemed promises—promises that were made to the ear, have been broken to the heart. But now the policy of “*divide et impera*” will, I hope, no longer deceive the people. In the words of a well-known American statesman: “You can fool some of the people all the time, and all the people some of the time, but you cannot fool all the people all the time”.

The new generation of Indians that are coming up are imbued with a deep distrust of the intentions of the bureaucracy, in spite of the artificial ways in which loyalty is sought to be fostered in our schools and colleges. Sir, I would be wrong if I did not raise my voice of warning. But I am afraid the average official in India does not, cannot see much ahead of him; he is constitutionally incapable of taking a long view of things. He is content with saying to himself “This will last my time.” Lord Curzon evidently thought in that strain when he partitioned Bengal, against the will of her people. The partition of Bengal is undone, Lord Morley’s “settled fact” is unsettled; but the assassin’s bomb and the pistol remained as a legacy of Lord Curzon’s ill-starred policy. Such a crime is an exotic growth in this land. But it is being kept up by the repression-cum-reform policy of the Government. It goes against the grain of our instinct. The precious heritage of the East is its spirituality rather than its brutality. The West, if I may say so without offence, is the home of political murder. It is the cradle of anarchical crime. Sir, this is what the late Mr. Montagu said, after the throwing of the bomb on Lord Hardinge in Delhi in 1912:

“The fact that a lot of irreconcilables, enemies of authority, can effect political murder is not confined to India. There have been times and countries in which the



deliberate opinion of the people was opposed to the Government, and in which political murder is the extreme manifestation of a sentiment which, in its milder form, the mass of the people shares."

Sir, under the cloak of archaic laws, the Government have been keeping in durance vile some of the best men in Bengal, and elsewhere. They have not the courage either to bring them to trial in an open court of law, or to release them; and this House, the Parliament of India, is powerless to help them. This is the inwardness of the much vaunted Reforms. Is it any wonder that even some of those who stood by the Reforms and offered their willing co-operation, are beginning to lose faith in the professions of Government, and find that they are being treated like a squeezed lemon. (Laughter.) "Heads I win, tails you lose", that seems to be their motto. Sir, the present state of things cannot continue long. India refuses to be spoon-fed any longer. She must be given her rightful place in the comity of nations. Her present position in domestic and foreign politics is hurtful to her self-respect, and injurious to her interests. Let not the old cry of "Law and Order in danger" be always raised; for as Burke says "opinion is of greater importance than laws or executive power in maintaining order." The virtues of patience and sweet reasonableness have long been preached to us. But we can no longer be fed on empty platitudes.

"The toad beneath the harrow knows,  
Exactly where each tooth point goes;  
The butterfly besides the road,  
Preaches contentment to that toad."

**Rao Bahadur Narasimha Gopalaswami Ayyangar** (Madras: Nominated Official): Sir, I originally felt some hesitation in deciding to make a speech on this occasion. I was rather perturbed by the doubt whether manuscript eloquence was permitted in this House, even in connection with a maiden speech. I have, however, been reassured by the fact that the Budget itself was introduced with a printed speech while, during the debate that has proceeded since this morning, I have found various Members of this House, who have been in this House for a long time, referring pretty frequently to manuscript or typed speeches, some of them even reading them in extenso. I hope, Sir, that I shall be excused if I follow the example of some of those who have been much longer in the House than I have been. I have risen for the first time to-day to break the silence which I have maintained ever since I entered this House almost exactly a month ago. I do so, Sir, in the first instance, in discharge of a duty on behalf of the interest which I happen for the time being to represent in this House, an interest which I fully acknowledge has been handsomely treated in the Budget we are discussing to-day. I should be failing in that duty, Sir, if I did not convey to the Honourable the Finance Member the appreciative gratitude of Provincial Governments in general and of the Government of Madras in particular for his all but completing the act of justice which, as a result of rare financial intrepidity, he placed himself in a position to commence in 1925-26. In the second place, during the last few years, I have in my present official capacity been rather intimately connected with the humdrum realities and smallnesses of local and municipal finance, and less closely with the somewhat prosaic limitations and

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the benumbing inelasticity of provincial finance. But, these have failed to wean me completely away from the study, though from a distance and in however superficial a manner, from the distinctly more fascinating sphere of the finances of the Government of India. If a newly arrived, nominated, official backbencher may say so, there is, to the mere student of public finance, no period in the recent history of Indian finance which has been so full of interest, so crammed with attempts consciously made, deliberately planned and firmly carried to success, as the period during which Sir Basil Blackett has held the office of Finance Member of the Government of India. I consider it therefore also my duty in the role of such a student to tender to Sir Basil Blackett my warm appreciation for the fifth of a series of Budgets, all arresting our attention with the unmistakable indications of a skilful handling of our finances and of a dexterous presentment of the facts relating thereto, and each bearing on its face evidence of a further advance over its predecessor towards a closer approximation to fundamental principles, towards bringing India into line with countries possessing an up-to-date financial and budgetary system. I do not propose, Sir, to go into details over what I have said just now, nor would this be an appropriate occasion to do so. I propose to confine the few observations which I shall permit myself to make on this occasion to what is relevant to one or two aspects of the relations between provincial and central finance.

The provinces are, as I have said, grateful for the remission of the entire amount of their contributions during 1927-28, but the gratitude is, I must confess, tinged with a small modicum of disappointment. The reason for this disappointment, Sir, is obvious. A portion, the last portion, of the remission has been declared to be definitely temporary, and the rider has been added that, if a recurring surplus cannot be secured in the Budget for 1928-29, it is possible that the remission of this last portion may have to be withdrawn. I submit, Sir, there was no need for this reservation, this excessive caution. The total amount of the non-recurring remission is only 2.58 crores which I believe is not very much above the annual increase due to the normal growth of the items of central revenue. The present Finance Member has had a realised surplus in every one of the years for which he has been responsible. During each of the three years ending 1927-28 he has budgeted for a recurring surplus, and during two of these he has come into possession of a handsome *realised* surplus over and above the remission of contributions which the recurring surplus estimated in the budget of three years enabled him to give. There is no reason to think that this skill—I will not call it mere luck—will desert him when he comes to prepare the Budget for 1928-29. Our past experience of him is sufficient to banish any such apprehensions altogether from our minds. I base however my claim for a permanent remission of the entire contribution on a higher ground, Sir. It had been expected from the beginning that the contributions would get wiped out in about seven years. 1927-28 is the seventh year. The principle underlying these matrikular contributions from the provinces to the Central Government is well known. The unsettling nature of these contributions in the ordering of provincial finance was conceded by the Meston Committee and has been recognised by the Government of India. The policy declared has been that of so directing the financial administration of the Government of India as to permit with reasonable rapidity of the reduction and

final abolition of these contributions. The provinces which have been hungering for more money for developmental services have repeatedly urged the need for the early abolition of these contributions. I desire, Sir, to lay special stress on one circumstance which has tended to get obscured in the controversies on this subject. The *raison d'être* of these contributions is the existence of a deficit in the accounts of the Central Government, the inability of the Government of India to make both ends meet. The Report of the Financial Relations Committee makes this perfectly clear. When the Government of India are able to balance their Budget without the help of these contributions or any portion thereof, there is, I submit, no case for continuing them. Subject to correction I claim, Sir, that the Government of India have reached this stage. The surpluses since 1924-25 have been realised in spite of the creation of a number of ear-marked funds financed by appropriations, from revenue averaging, during the four years ending 1927-28, about 10 crores per annum. None of these items presumably entered into the calculations of the Meston Committee when they arrived at the all-India deficit. I would therefore submit for the consideration of the Finance Member the question whether it is just to the provinces, or in furtherance either of the principle of a complete separation of provincial from central resources or of the financial policy of reducing contributions with reasonable rapidity and ultimate cessation, that any portion of these contributions should be perpetuated for the purpose not of meeting expenditure that cannot be avoided but of creating new financial reserves for, or of extinguishing the debt of, the Government of India to a larger extent annually than was contemplated at the time of the Meston Award. These reserves are, I recognise, very necessary from the standpoint of the Government of India and are among the great reforms initiated by the Finance Member; but they ought to be provided out of the resources of the Government of India, not out of the resources of the Provincial Governments. In paragraph 53 of his speech the Finance Member has said:

"I desire to emphasise clearly the fact that the non-recurrent remission of the provincial contributions must be regarded as definitely temporary so that if a recurring surplus is not available a year hence sufficient to enable us to make this remission permanent it will be necessary either to restore the temporarily remitted contribution wholly or in part or else propose fresh taxation."

My submission, Sir, is that in the very unlikely contingency of a recurring surplus not being available in 1928-29 to the extent of 2.58 crores, it will be necessary neither to restore the remitted contribution in whole or in part nor to propose fresh taxation. May I urge, Sir, that the partial reduction, if necessary, of one of the annual appropriations I have already referred to—it may be for a year or two until a recurring surplus is secured—will stand less in need of justification than a new levy on the tax-payer or a continuation of the draft on provincial resources? The fear of a possible revocation of the temporarily remitted portion of the contribution will necessarily delay the working out of plans and programmes in the provinces. It will postpone the translation into actual fact of the romance to which the Honourable the Finance Member has so picturesquely alluded,—the promotion of human happiness, the prevention of preventable disease, the widening of the opportunities for a good life—a romance for whose translation into real life the assurance of an increase of permanent spending capacity is so essential a pre-requisite. If, Sir, I have made out a case against the excessive caution which characterises

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the proposed non-recurrent remission of 258 lakhs, I appeal to the Honourable the Finance Member to remove once and for all this millstone round the neck of the Provincial Governments with no prospect of any portion of it claiming to resume its place on that neck. These contributions are admittedly an incubus. The Government of India are now in a position to free themselves and the Provincial Governments *finally* from this incubus. I sincerely hope they will do so. It means for example a permanent increase in the spending power of Madras to the tune of half a crore—Madras which is now brimming over with a forward programme of developmental activity in every direction—irrigation, hydro-electric power, education, communications and water-supply, medical relief, cottage industries, and, above all, a comprehensive programme of rural reconstruction.

There is one other matter, Sir, to which I desire to draw attention in connection with the existing relations between provincial and central finance. In paragraph 55 of his speech the Honourable the Finance Member has considered it necessary to express an apology, or what looks like one, and to find justification for what he has conceded to be a departure from strictness and purism in the matter of debt redemption. On the contrary, Sir, the policy that he has adopted in the Budget he has now presented in applying a portion of the *realised* surplus of 1926-27 to the relief of provincial contributions in 1927-28 is, far from being a lapse from financial virtue, a deviation—if I may permit myself to word it so—into financial justice. As I have said already, a *realised* surplus has come into the Honourable the Finance Member's hands in every one of the four years ending the 31st March next. It was Rs. 2·39 crores in 1923-24, Rs. 5·68 crores in 1924-25, Rs. 3·31 crores in 1925-26 and Rs. 3·10 crores in 1926-27 (revised estimate figure). The contributions from the provinces amounted in the year 1923-24 to 9·22 crores, in 1924-25 to 9·25 crores in 1925-26 to 6·24 crores and in 1926-27 to 5·18 crores. But for these contributions from the provinces none of the surpluses could have been actually realised. If I am correct in the contention that the matrikular contributions from the provinces are in principle, and avowedly, different in their nature, for instance, from the tributes levied from the Indian States and that their real purpose is only to enable the Government of India to square its accounts, the amount taken from the provinces in any year in excess of this need should in justice be adjusted to their credit in the succeeding years.

**Mr. K. Ahmed:** Why is your brother on the other side?

**Rao Bahadur Narasimha Gopalaswami Ayyangar:** The Honourable Member who has just interrupted me has probably known my brother as a Member of this House for a much longer time than I have. No one can question the soundness, Sir, of the principle that *realised* surpluses should be applied to the reduction or avoidance of debt. But the surpluses should be surpluses realised on the resources of the Government of India and not surpluses which would not have been there but for an excessive levy on the provinces. If the provinces had been made to contribute in every year, according to the proportions fixed, only for wiping out the deficit of the Government of India, these excess amounts would have remained with the Provincial Governments and have produced surpluses in their accounts or wiped out wholly or partially the deficits in such accounts. The letter of the Devolution Rules should not, I submit, stand in the way of doing justice to the provinces in this matter. It has not

stood in the way so far as the disposal in 1927-28 of the realised surplus of 1926-27 is concerned. The surpluses realised from 1923-24 to 1925-26 should, I submit, have been treated as provincial money and, if they were to be applied, as they ought to be, to the reduction or avoidance of debt, that debt should have been provincial debt rather than central debt. The surpluses should have been distributed to the provinces in the proportions in which remissions of contributions are distributed, and applied to the reduction, for instance, of the outstanding amount in the provincial loan account. This process is too late I know for dealing with the *realised* surpluses of the years 1923-24 and 1924-25. It is perhaps not too late yet in the case of 1925-26. The realised surplus of Rs. 3.31 crores pertaining to this year has only been merged in the cash balances of the Government of India; and as the closing balance in India for 1926-27 is expected to rise from Rs. 15.62 crores in the Budget to Rs. 24.73 crores in the revised estimates and as the application of the surplus to the reduction of the debt owing to the Government of India by the provinces will not have the effect of reducing by a single rupee the ways and means resources of the Government of India, I submit, Sir, that it is not yet too late for the Honourable the Finance Member to deviate into financial justice in respect of the *realised* surplus of 1925-26 also. The share of Madras in the Rs. 3.31 crores would be roughly about Rs. 109 lakhs and an adjustment of this amount in her favour will enable her to wipe out during the current year not only the whole of her outstanding balance in the provincial loan account but the bulk, if not the whole, of the advance she has taken from the Government of India for covering her deficits in past years. This would mean a substantial increase in her spending capacity. It would mean a saving in her interest charges of about Rs. 3 lakhs and in the appropriation for reduction or avoidance of debt of about Rs. 30 lakhs during 1927-28 and about Rs. 9½ lakhs for another four years. I do not propose, Sir, to yield to the temptation of participating to-day in the controversy over the ratio. The Government of Madras have, as Honourable Members will see from papers in connection with the Currency Bill placed in their hands, expressed themselves in favour of the proposals contained in the Bill which will come up for discussion on Monday next. Their views are stated in greater detail in paragraph 210 of the Report of the Royal Commission on Indian Currency from which I would quote the following passage for the information of the House:

“If as a result of changes in currency policy a further rise in prices were to render revision of salaries again necessary, the revenues of the Local Government would become inadequate to the strain and the levying of additional taxation for improving the salaries of Government servants at the cost of the tax-payer who would himself be affected by the rise in prices would cause wide-spread discontent. This would be accompanied by a new period of readjustment of agricultural and industrial wages with all the dangers of unsettlement which it involves. The Madras Government trust that theoretical arguments will not be allowed to obscure the practical issue to which they attach great importance.”

The entire remission permanently of provincial contributions, which has been all but completed, has been realised by a painful process which has affected the finances of both the Government of India and the Provincial Governments. If, as a result of the alteration of the present ruling ratio, the adjustment in the finances of both the Central and Provincial Governments which has followed as a result of the remission of the provincial contributions is likely to be disturbed, in any substantial degree, I submit, Sir, that it is the duty of Honourable Members in this House to

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give this fact the place it undoubtedly deserves in the consideration of the ratio at which the rupee should be stabilised.

**Colonel J. D. Crawford** (Bengal: European): Sir, in the short time at my disposal, I propose to confine myself mainly to certain features of military policy. But before I pass on to that, I would offer my congratulations to the Honourable the Finance Member for yet another surplus budget. It is true that the surplus is dependant on the decision of this House on the ratio question which, if adverse to Government proposals, will, in my opinion, be very definitely to the detriment of the masses. I also regret the fact that the heat engendered by this ratio controversy is likely to obscure the very magnificent work of the Honourable the Finance Member and those who are associated with him, who, throughout his service in India, has brought the finances of the Central Government to a very stable position and who has enabled us at last to remit the whole of the provincial contributions. I know that it is only for this year, but I hope it will be for all time, as I believe that the remission of provincial contributions will mean far more to the happiness of the masses than any other measure which this House can adopt.

Sir, I wish to refer to one point,—one of the proposals for reduction of taxation which I myself welcome,—and that is the preliminary steps which have been taken to reduce the exceedingly heavy duties on motor transportation. I have heard Members in this House say, quite rightly, that the masses are confined at present to movement by bullock cart, surely it is not the intention of the House that the masses should be confined for many many a day yet to movement by bullock cart in a country where distances are so great. I take it, and what I am asking for is that, whilst we may not expect private ownership of motor cars to expand to the extent which it has done in western countries, we shall at least see that a seat in a car is available and at a price which the ordinary man can pay, and which will enable the masses to go by car or bus from their villages to the nearest market town or even to the railway station, and that is the effort which I am myself trying to bring about. If I can only get the Railway Board to do their bit as they promised the other day in considering the question of freight on petrol, to give us some reduction there, I believe we would have made a very real advance towards the development of motor transportation and to bringing it within the reach of our poor villagers. I have perhaps one criticism to make of the proposal. The Honourable the Finance Member has made a level reduction of import duty on cars of all grades. I feel that the luxury car might have been left at the higher rate, and I myself would like to have seen a graded rate which would have enabled him to give even greater concession to the cheaper car than he has done.

Now, Sir, I shall turn to our military position. I do not think there can be one person in this House, who is a student of military affairs, who cannot but be anxious about the military situation as he sees it around and outside India, and that anxiety is, to my mind, increased when I consider our own defensive measures in this country. I am one of those who believe that we should get our military defence as economically as possible, but if we are going to pay anything at all for defence, then we must make certain that that defence is sufficient to meet the risks against which we are insuring. I am not convinced to-day that our defensive measures are such as to give me satisfaction on that point. Perhaps, I

am in a much better position to know than some Members in this House what the position in the army actually is, I hear from many quarters and on many sides statements constantly being made that they are being in many directions financially starved. I trust that it is not the case. And yet, I have reason to believe that our armies to-day, with the possibility of a war not so very far ahead (*Some Honourable Members*: "Oh, oh!"), are not sound, that we have not the equipment, and that if we do not watch it, we will again have to send our men to fight in the defence of India in the inadequately equipped condition in which they were sent to the Great War, and that is a position which I for one would very much regret. Mr. Gaya Prasad Singh, who, I am sorry to see, is not in the House, and whose speech reminded me of the man who on going to see Hamlet for the first time was surprised to find that it was full of quotations, alluded to the settled conditions now existing on our frontier. That, I believe, is the direct outcome of the policy which we have adopted of making roads along our frontier, and I believe that if that policy is slowly extended, we may in the long run definitely look forward to a reduction of our defensive expenditure in that direction. He also alluded to the position of our Air Forces, and those Members of the House who were present at the Air Force display the other day, I think, will realise that we have good reason to congratulate the Vice-Marshal and the officers commanding our Air Forces on the very high state of efficiency to which our Air Forces in India have been brought. I know my Honourable friend Sir Hari Singh Gour rather questioned our having to spend an additional crore on Air Forces, but then he lives in Nagpur and not in Peshawar, and perhaps he does not realise that he might be bombed if he lived nearer the frontier. Mr. Gaya Prasad Singh suggested that, having an efficient Air Force, there should be a reduction in our land forces. I do not think that is a position that has yet been accepted by military people, because it is the man on the ground who in the long run is the essential factor in the war. Mr. Gaya Prasad Singh also mentioned the question of British troops and suggested that we could effect economy by reducing the present number of British troops in this country. Now, I ask him in all seriousness, whether in view of the communal troubles which we have had and of the very great praise which Indian Members, very often of entirely different political outlook to myself, have paid to our British troops in this country at times of communal troubles, we can well afford to see much reduction in that direction.

But I wish, Sir, to turn particularly to one factor in our military policy which gives me real cause for anxiety, and that is the shortage of British officers for our Indian army. Now, if we are to train up an Indian army with our own Indian officers to a sufficient standard of efficiency to carry on the defence of this country, we will have to rely on the assistance of the very best British officers that we can bring to help them in their training. And yet, what is the actual position to-day? Last year, I gave notice of a question to which I got a private reply. Out of 90 vacancies for British officers required for the Indian Army, only 70 persons were forthcoming; only 19 of those came from Sandhurst and instead of, as in pre-war days, occupying a position in the passing out examination of an average of 28th on the list, they had dropped to an average of 78th on the list. I asked a question only the other day as to what was the position this year, and of the 1,180 British officers which we required to maintain our sanctioned establishment of British officers in the Indian Army, we were only able to get 56. Now, Sir, there are very many causes which

[Colonel J. D. Crawford.]

are contributory to this deplorable state of affairs, and as many of them are matters for opinion, I do not propose to go into them in detail. But I do trust that the military authorities and the Government of India are alive to the very serious situation which is disclosed by these figures and that they will take steps not only to see that we get the best type of British officers to help us in the training of our new army, but that they will see and exploit whatever material is available, and it must be suitable material that is also available in India.

I have one other word to say, Sir, and that is in connection with the Anglo-Indian community. They have pressed for some time for a regiment or a battery recruited from their community. I do not however believe that they can find the material physically up to the standard that will enable them to maintain such a unit with its wastage in peace time and war time because so many of their best youths find outlets in other spheres of activity. But I do believe that there is room for them in the ancillary services and I would press His Excellency the Commander-in-Chief to consider whether he cannot give them some opportunity of serving India, their country, in these services.

**U. Tok Kyi** (Burma: Non-European): Sir, this is the fourth Budget prepared by the Honourable the Finance Member, Sir Basil Blackett. He even expects that a surplus of 3.64 crores of rupees for 1927-28 will be a recurrent one. Sir, the late Mr. Gokhale has severely criticised the system of budgeting for surpluses. During a long period of nearly 15 years he has been protesting against such a system year in and year out but his protests seem to have fallen on deaf ears. It is contrary to every canon of taxation to take from the tax-payer more than is strictly needful for the time being. Sir, no modern self-governing country would dare to prepare such surplus budgets. Only an archaic and out-of-date Government like the present Government of India dare to do that. (*Lala Lajpat Rai*: "How can they be archaic with civil aviation?") Sir, this undesirable system of budgeting for surpluses has led the Honourable Member to impose export duties. It is generally recognised that it is unsound economics to impose export duties. The United States of America absolutely prohibited the imposition of such duties. Sir, in this connection it would be interesting to know the observations made on the subject by the Indian Fiscal Commission. The Report of this Commission says:

"If the proportion of the world market supplied by the country imposing an export duty is small, that supply will ordinarily have to accommodate itself to the other factors which fix the world price. The increase in the cost of production which is represented by the export duty will not be passed on to the foreign consumer, and the export duty will be paid by the home producer. This result tends to become less certain as the proportion of the total market supplied by the country imposing the export duty increases. But only in the case of an absolute monopoly for which the demand is stable can it be asserted generally that the world price will be raised by the full amount of the export duty, and that therefore the whole export duty will be paid by the foreign consumer and none of it by the home producer. An absolute monopoly, however, for which there is a stable demand is of rare occurrence; and it may, therefore, be taken as the general rule that some portion, if not the whole, of an export duty falls on the home producer. When an export duty falls on the home producer, it naturally has a tendency to reduce the production of the commodity on which the duty is imposed. The generally injurious effect of an export duty on the producer is recognised in the constitution of the United States, which prohibits absolutely the imposition of export duties."



Sir, there is no doubt whatever that export duties generally have an injurious effect and I think we should follow the very good example set by the United States of America. Sir, in the Budget that has been presented by the Honourable the Finance Member, proposals have been made to do away with the export duties on hides and tea. It is very gratifying and I hope that the few other export duties that still remain will follow suit in no time. Sir, in this connection I should like to make some mention of the export duty on rice in which Burma is vitally interested. The history of the export duty on rice is, I am sorry to say, a black one. I think, so far as Burma is concerned, it is black as that of the cotton excise duty which was abolished last year to the satisfaction of every Member of this House and indeed to the satisfaction of every man in the country. Sir, from the early days the Government of India had imposed export duties. But half a century ago, they came to realise that export duties were rather harmful and since then, they have followed the policy of abolishing these export duties. In 1867 the export duty schedule was reduced from 97 items to 9 and in the year 1875 the list was further reduced to 3 articles, namely, indigo, lac and rice. Again, in 1880, indigo and lac were freed but the duty on rice has continued up to the present day. Though, as I have shown, all the export duties have been abolished, the export duty on rice still remains. Sir, I am tempted to ask why the Government of India has so much love, so much attachment for this duty. The reason will be obvious when you study the figures of the export trade of rice for the 10 years from 1915-16 to 1924-25. Sir, the total export of rice from India to foreign countries in the year 1915-16 was 15.45 crores in value and in 1924-25 it rose to 37.23 crores. The export to the United Kingdom in the former year was 2.19 crores and in the year 1924-25 only 1.55 crores. Sir, the total export of rice from India to foreign countries has been gradually increasing from year to year during the period of 10 years I have referred to, but the export to the United Kingdom has been declining from year to year and therefore the export duty on rice has no appreciable effect on the people of the United Kingdom. Sir, let me quote the corresponding figures for wheat and tea. The total export of wheat from India in the year 1915-16 was 8.44 crores and during the space of 10 years it has risen in 1924-25 to 17.19 crores. During the same period of 10 years the export to the United Kingdom has risen from 7.83 crores to 11.45 crores. From these figures it is quite clear that the export of wheat from India to the United Kingdom forms a very large proportion of the total export from India. Similarly, in the case of tea, the total export from India in the year 1915-16 was 19.98 crores and it rose to 33.39 crores in 1924-25. The total export . . . .

**Mr. President:** Order, order. I think the Honourable Member must conclude his observations now.

**U. Tok Kyi:** Sir, the total export of tea from India to the United Kingdom forms a very large proportion of the total export from India. From the figures I have quoted I think it is clear that the export of rice to the United Kingdom is very small in quantity and the export of tea and wheat to the United Kingdom from India form a very large percentage of the total export. So that the export duty on rice has no appreciable effect on the people of the United Kingdom, whereas if an export duty were imposed on wheat and tea it would have a very adverse effect on the people of that

[U. Tok Kyi.]

Kingdom. Sir, I do not blame either the Honourable the Finance Member or any of his British colleagues in the Government. It is quite natural . . . .

**Mr. President:** Order, order. But the Chair must blame the Honourable Member for continuing after a warning.

**U. Tok Kyi:** Please give me one or two minutes. It is quite natural that they would refrain from imposing any tax which will have an adverse effect on their people. But the tax, namely, the export duty on rice, has a very injurious effect on Burma . . . . I am afraid I have to stop here.

**His Excellency the Commander-in-Chief:** Sir, as I am aware that there are still a considerable number of Members of this House who wish to speak, I will be as brief as possible. There is no reason why I should be otherwise, because my Honourable friend, Sir Basil Blackett, has already placed before this House practically all the details concerning the Military Budget. I think there is a saying, "Happy is the nation which has no history." If that is true regarding the nation, it must also be so regarding an army, certainly as far as concerns its budget and estimates. I am glad to think that our army has had no history during this last year. Therefore, our work has been normal and our Budget is practically normal also.

There is perhaps one subject which I may mention and which I think will interest the House. Honourable Members are probably aware that for some considerable years now discussion has gone on between the Government of India and the Home Government as regards the disposal of Aden. These conversations have now at last come to a conclusion. All the details have not yet been definitely settled, but it has been decided that the Home Government shall, from the 1st of April this year, be responsible for the military and political situation in Aden and in the Hinterland. As Honourable Members are aware, the settlement of Aden itself is peopled to a very great extent by our fellow Indian subjects. The Government of India have thought it right that their welfare and interests should not go outside the ken of the Government of India. It will accordingly be retained—that part of the settlement and the Municipality of Aden will remain under the Government of India. Aden has always been a most unprofitable economical proposition for us. It has involved very heavy expenditure year after year and the revenue from it is small indeed. It is natural, therefore, that India should have to give a contribution to the Home Government under the settlement. It has been decided that for the first three years the contribution shall be at the rate of £250,000 a year to be followed after that by a contribution of £150,000 a year. I may mention that even the larger contribution during the first three years is considerably less than we have to pay at present for our duties in Aden. I think, therefore, that that settlement will commend itself to the House.

My Honourable friend, Mr. Gaya Prasad Singh, in attacking the Budget just now, I gather, looked upon the present Military Budget, and I am not quite certain, even a reduced Military Budget of Rs. 50 crores, as a sort of "octopus sitting like a nightmare on India". Since he has told us this, I have been trying to make out to myself what my feeling would be

like if I had an "octopus sitting on me like a nightmare", but I am glad to say that having a clear conscience I am not subject to nightmares. I remember many occasions on which my comrades of the Indian army had come to me with excuses for not carrying out their proper duties pleading as an excuse that they had suffered from "*Khuab-i-Preshan*". I can quite believe that the Honourable Member has been living in a state of terror over this horrible octopus incubus and his own consequent suffering. I wish I could give him any consolation on the subject, but I cannot. I hope my Honourable friend will remember that when I was speaking in this House last year, I laid special stress upon the fact that the Inchcape Committee had suggested a figure of Rs. 50 crores as what the Military Budget should be. I then pointed out that that figure had apparently been arrived at quite fortuitously by that Committee and that it was a mere pious expression of a pious hope. No details have been given as to how we should attain to it. I therefore wish to say that I entirely agree with the recommendation on that subject made by my Honourable and distinguished predecessor, Lord Rawlinson, that he could not accept the figure given by the Inchcape Committee. I assure the House that at the same time we are devoting unremitting attention towards carrying out economical reforms. We do everything we possibly can to carry out economies wherever they are possible. And that is only natural, because, after all, we feel that we must husband our resources if we are to keep pace with advances in military science, inventions and so on, and to do it within our budget limits it is essential that we should be economical, and I can assure you that we are. I can honestly say I do feel that we have come to the absolute limit as regards men and equipment below which we cannot possibly go. Indeed I am doubtful if we have not of recent years reduced too much. In that connection I would like to read a short paragraph from a despatch on the subject which was sent home when Lord Rawlinson was Commander-in-Chief. He and the Government of India, in agreeing to the reductions, stated:

"If and when the resources of the Government of India increase, Government, as they will aim at making more liberal provision for schemes for social and material betterment, should also be prepared to allot funds for increasing the strength of our fighting troops."

That was the definite conclusion arrived at by the Government of India and sent home. I am sorry to say that it has happened from time to time that measures which would undoubtedly contribute to the well-being and comfort of our troops have had to be shelved and that, as far as I can see, that will have to continue unless our military Budget is increased. I have no wish to waste money. But what I do want to say is, that what we have got is not one man too much. We must keep up what we have got and if we decrease our expenditure we shall have an inefficient army.

I entirely agree with what Colonel Crawford has said regarding the quiet on the frontier, to which also Mr. Gaya Prasad Singh alluded. We have been through a most fortunate year. There has been entire peace right away from Chakdara on the North-West through the Kurrum, Tochi and Zhob Valleys, right down to Chaman, and that is due, I think, to a great extent to the policy followed by my predecessor Lord Rawlinson as regards having good roads and efficient troops in Waziristan. That policy has justified itself. It is true that the expenditure originally

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involved was high, but surely we may say that our premium for our insurance has been well worth it.

[H. E. the Commander-in-Chief.]

As regards the internal situation. The House will be aware that troops have been called out on many occasions and in many parts of India as wide apart as from Burma to Quetta in aid of the civil powers. I am thankful to say that on nearly all occasions the actual moral effect of the presence of the troops has been sufficient, and there have been very few occasions that they have had to resort either to the use of fire-arms or bayonets, and the casualties have been very small indeed.

My Honourable friend, Colonel Crawford, has referred to the very difficult subject of the supply of British officers to the Indian Army. At the present moment we are not in effect recruiting many officers, partly owing to the fact that we have been reducing regiments from time to time. Whenever a unit returns from Mesopotamia or from other service across the seas without relief we are able to utilize the officers of that unit for general use in the Indian Army and have so far been able to keep up the strength. We have not been getting boys from Sandhurst in the numbers we want. One can only imagine that the cause of it is that service in India is no longer as popular and does not hold out the attractions it did for the youth of England. There are many reasons for it. The Civil Service, as we know, a year or two ago was placed in the same difficulty, but I am glad to say has now somewhat overcome its difficulties. We sincerely hope that ere long English boys will again come forward to join the Indian Army, an army in which I have served all my life, and to which I am proud to belong.

Another subject to which Colonel Crawford referred was the treatment of Anglo-Indians. I do myself feel the very greatest sympathy for those men. They have the greatest trouble in existing at all, and are very often, through no fault of their own, placed in a most invidious position. I am most anxious to do all I can to help them but the difficulties are very great, and amongst those difficulties are the economical ones. The auxiliary services are the ones in which we should like to employ these men, signal units, transport services and such like. But in those units, wherever possible, we have for economical reasons already reduced the British personnel and replaced it by Indian. If the Anglo-Indian is prepared to come in on the terms on which we enlist our Indian soldiers, we would be only too delighted to take them on and do our best for them. But if we have to pay British rates of pay, it is almost impossible from the economic point of view to be able to carry out the scheme. I wish I could say more to encourage that community. They have stood by us extraordinarily well from time to time—in fact always—in the Signals, the Telegraphs, Transports, and many other services. We shall be very glad to take them if we can get over that economic difficulty. I am sure that Colonel Gidney and the House will realise the very great difficulty we labour under in this respect.

I was telling the House last year that when I go round inspecting units of the Indian Army, my custom invariably has been to get hold of all the Indian officers and ask them to open their hearts to me and to tell me where the shoe pinches and any complaints they may have to make. I was inspecting a Rajput unit recently and the Subedar Major came to me and said:

*"Hamari paltan mein sirif aise bat hai Sahib, sab jawan apke samne aas kerte hain kih mehrbani se hamen Chin ko bhej do."*

I mention this fact because I think there is an idea in some parts of the House that service abroad, and especially service in China, is not popular with the Indian soldier. I believe I know my Indian comrades well, and I can honestly say that that is not the case. Service abroad, and especially service in China, is most popular. The old spirit of adventure is still most marked in the Indian Army as it has been for the last hundred years, and I hope that it will always last. The House would be astonished to hear of the number of applications that I have received since the troops went to China to be allowed to go there too, both from individuals of the highest rank to the most humble soldier, and I am glad to think that a most distinguished ex-Vice-President of this House asked to volunteer his services.

In this connection I have heard doubts expressed as to whether India had not been put to increased expenditure owing to the despatch of these troops. I think that every Member of this House must be aware that that is not the case. It has not only put no burden on India but rather the opposite, money has been saved to India by the absence of the troops. The force that was sent was a comparatively small one, consisting of a mixed brigade of two battalions of British Infantry, two battalions of Indian Infantry, a Pack Battery, and a company of Sappers and Miners. They have arrived in Shanghai where their duties are entirely confined to safeguarding British and Indian interests. There is no question of aggression, there is no question of attempting to go to war with China. We have merely gone there to protect the enormous amount of British and Indian interests in that colony.

I would remind Honourable Members that last year I had the privilege of being able to announce to the House the fact that the Home Government had agreed to the formation of an Indian Navy. Legislation on the subject was necessary, owing to the fact that the Government of India Act, 1919, had to be amended. Honourable Members are probably aware that legislation to that effect has recently been undertaken at home, and we hope to follow up that legislation next Session by a Bill to provide for the discipline of the Royal Indian Navy. In the meanwhile we are not wasting time. We have been in constant communication with the Admiralty. There are many matters to be discussed, regarding equipment, terms of service, discipline, training, etc., and we have started recruiting and are going ahead. This does not mean that we can contemplate an efficient fighting navy in the course of the next few days. A considerable time must elapse before we can hope to see an Indian Navy as an effective fighting force.

I mentioned last year how glad I should be at any time to facilitate the visits of any Honourable Members who may wish to visit our troops and see our training centres, factories, etc. We shall be glad to do all we are able to let Honourable Members see what our difficulties are and the steps we take to effect economy, that our interests are yours, and the steps we take to safeguard those interests. I believe that Honourable Members would like to see the factories especially. A few days ago I was at Shahjahanpur inspecting the Clothing Factory; and it may perhaps be of interest to Honourable Members for me to mention the fact that every effort is continuously being made to utilise country-made cloth. It would I feel sure rejoice the hearts of many Members of this Assembly

[H. E. the Commander-in-Chief.]

if they could have seen the large number of *thans* of *khaddar*, all of which was going to be made up into clothing for the troops.

I will not keep the House any longer. I don't think there are any other points that I have to refer to, but I would like to repeat again that if Honourable Members would like to visit any of our troops, training centres or factories, I would be only too delighted to ensure that their visit will not be in vain.

**\*Mr. Mukhtar Singh** (Meerut Division: Non-Muhammadan Rural): Sir, as I come from a rural constituency, I want to say a few words on the question whether the Budget that has been presented to us is a satisfactory budget or not from the farmer's point of view. The first point that has been made by the Honourable the Finance Member is that, by a stroke of fortune, we have been able to get 1,25 lakhs more than what we estimated on the sugar duties and on account of this surplus we have been shown that we have a surplus budget this year. The Honourable the Finance Member seems to be very glad of this achievement, but I consider there is not a single Member here who has any sympathy for the cultivator of sugarcane who will rejoice over this. An extra duty of 1,25 lakhs means much more importation of foreign sugar into this country and worse competition for the Indian manufacturer of sugar in this country, so this cannot be said to be a matter for rejoicing. Sir, if I am permitted, I may quote a few figures of imports of sugar which are very telling and which will convince the House to what an extent the sugar industry is in danger. We find that in 1922-23 we imported 5,04,030 tons of sugar. In the next year, 1923-24, we imported 4,07,635 tons; in 1924-25 this figure swelled up to 7,29,088 tons, and in 1925-26 the importation of sugar increased to 8,04,658 tons. This shows that the importation of foreign sugar is on the increase every year. The House will be further surprised to know that the *ad valorem* price of imported sugar calculated by the department, comes to this. In 1922-23 the price of one ton was considered to be Rs. 307; in 1923-24 it was Rs. 324; in 1924-25 it was reduced to Rs. 286 and in 1925-26 it was further reduced to Rs. 196. I may submit to the House that in this amount of Rs. 196 there is a figure of no less than Rs. 90 which accounts for the import duty on sugar. The duty on imported sugar is Rs. 4/8 per cwt., so on one ton it comes to Rs. 90. It means that the Javanese and other foreigners have been able to sell their sugar at the rate of Rs. 106 per ton in the ports, roughly speaking, and even then they have been able to pay a duty of Rs. 90 on this price and have been able to compete in our markets. I would submit, Sir, whether that is not a most dangerous position for the sugar industry in India to be in and whether it is a matter for rejoicing. I am very much disappointed when I find that no provision has been made in the whole Budget to safeguard the interests of the sugarcane cultivator. Practically we find, Sir, the same expenditure has been provided for sugar research and the Sugar Bureau. That shows that the Government do not regard it to be their duty to save this very important industry. The House is aware that there are only two crops by which the cultivator is able to pay his dues, sugar and cotton. If both these things are taken away from him, I am sure he will not be able to pay the cost of cultivation. So this is a very serious situation in which we find ourselves. This is

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\*Speech not corrected by the Honourable Member.

not only my idea that I am expressing, but the same idea is expressed by the sugar expert in the scientific report of the Agricultural Institute at Pusa. On page 203 he says :

“ As the price of factory-made sugar in India is governed by the price of Java white sugar landed at Calcutta, Indian factory-made sugars also fetched low prices. The industry is thus passing through a critical period.”

I invite the attention of this House to the question whether it is not the duty of the Government to spend at least this 1,25 lakhs which they have got from levying a duty on this very commodity, on the improvement of the sugar industry. It will not be too much. I would consider it to be too little. The amount that we have got from a certain industry ought at least to be spent on the improvement of that industry. If we find an industry in such a hopeless condition, it is our duty to protect it as much as we can. I am afraid, Sir, I may perhaps be told that it is the duty of the Provincial Governments to look to the interests of the farmer. I would submit this is such an important subject that the Provincial Governments cannot do much in the saving of this industry. Perhaps I may be told that the Department of Agriculture is giving us the best varieties of canes and by the introduction of these canes it will be possible for the cultivator of sugar in India to compete in the industry. I may tell the House what is the advice of the sugar expert in this country. The people are asked by the sugar expert to produce canes which are more fibrous and have less sucrose because they are drought-resisting, which means in this country there are not good facilities for irrigation and manuring and, therefore, in India we are asked to produce varieties which may contain less juice and are more fibrous and at the same time have the characteristic of drought resistance. This shows that we do not realise the responsibility of competing with Java sugar. As long ago as 1919-20 the Sugar Committee's Report was published and we were told that the main problems on account of which the sugar industry in India is in danger are two. One is that Indian cane contains less sucrose and is less juicy and the second is that the manufacturing methods of the Indian sugar manufacturer are very wasteful. But I ask if things have improved during these six years. I submit that they have not, because no facilities have been given to the Indian cultivator so that he might be able to cultivate good varieties of canes which might be able to compete with Java sugar and sugar from other places. Sir, it seems that, without irrigation facilities, any cultivator can produce large amounts from his fields. We are told sometimes by the sugar experts that India is not a good sugarcane growing country and therefore it seems to be quite hopeless to put money into this industry. Sir, I believe that India is the oldest country which discovered the sugar plant, and it is the only country which can mature cane in 9 months, and therefore, it is the most suitable to compete with any sugar industry in the world provided facilities are given to the Indian cultivator. We are told sometimes, Sir, that the Indian cultivator is a conservative and that he does not care to adopt the methods about which the Government experts tell him. I may submit to this House that this is a very wrong expression of opinion and we blame the Indian cultivator quite incorrectly. I can challenge any farmer in the world to come here to India with the same resources as the Indian cultivator has, with the same facilities and with the same amount of money that is spent, and we will see that not a single farmer is able to earn his bread from this profession.

[Mr. Mukhtar Singh.]

Then again, Sir, the entire expert opinion is published in a language alien to the farmer. Nobody cares to tell him what he should do and what he should not. It is considered by the Government that a time will come when the language of the whole country will be English and every farmer who does not know English has no right to know the secrets of any industry whatever. I submit, Sir, this is the time when the Government should stand a bit higher and should give up the prejudice against the vernaculars of the country. If the Indian farmer has to be trained, if the Indian farmer has to be taught on the lines he should improve, the Government expert will have to condescend to give out his ideas in a language that the farmer can understand. I submit, Sir, that the Provincial Governments' reports, the provincial papers that are published in vernacular languages are not worth reading and they do not contain a single idea which is found in the reports that are published by the Department at Pusa. That shows, Sir, that the farmer is considered to be a fool who cannot understand the secrets of farming and many other things. I submit, Sir, that there are people in other countries who make it a point to write the most useful information in the simplest language and they send it abroad to the farmer without charging a pie for it. I can say, Sir, from my own experience in America you will find that pamphlets are issued not only to be distributed among the American farmers but to anybody who wants to see them and even the postage is paid by the American Government; but look at the prices that we charge for pamphlets that are issued by the Imperial Department of Agriculture and you will at once be convinced what a high charge is made for the knowledge that should be distributed, I may say, freely among the cultivators. I wish, Sir, to say one word in this connection. Perhaps I may be asked, what more can the Imperial Government do? I may suggest, if the Government wants to save this industry, there is no other method but to provide better facilities for irrigation and those facilities cannot be provided by canal irrigation only. The time has come when you will have to put in tube wells in localities where sugar-cane is the main crop, and run those tube wells by a system of electricity. Then and then only will there be a possibility of growing the best varieties of cane; and then and then only will there be a possibility that the Indian farmer will be able to grow the same tonnage as is grown in Java. As regards the manufacture of sugar, I would submit that the Indian manufacturer gets about 4·5 per cent. of sugar from his cane, while in Java they get about 9 per cent., just double. That shows, Sir, why and where we are losing; and the Government has done, so far as I know, nothing in order to improve the system of manufacture.

**Mr. K. Ahmed:** Is there not an experimental farm in every district?

**Mr. Mukhtar Singh:** The second thing, Sir, to which I would like to invite the attention of the House in this connection is the question of the dairy industry, which tells the same deplorable tale. I am referring to the import of different dairy products into this country. The House will be pleased to notice that the import of butter is increasing every year. It was 306 tons in 1921. It rose to 542 tons in 1922-23. In 1923-24 it was 504 tons. In 1924-25 it was 804 tons. In 1925-26 it has gone up to 994 tons. Take cheese again. We find that in 1921 the import was 7,711 tons. In 1922-23 it was 8,407 tons. In 1923-24 it was 9,022 tons. In 1924-25 it was 9,714 tons, and in 1925-26 it has again gone up to 10,018



tons. It is increasing practically every year. Then take the case of ghee, which I consider, Sir, also includes vegetable ghee or substitute ghee. I am not sure, Sir, on this point, but I consider the figures include it because there is no other name by which substitute ghee is shown in the report. It was 687 tons in 1921-22; 1,626 tons in 1922-23. In 1923-24 it was 1,540 tons; in 1924-25—1,843 tons, and in 1925-26—2,253 tons. When you turn to milk, condensed milk and cream imported into this country, you see that in 1921 it was 81,536 tons, in 1922-23 it was 61,054 tons, in 1923-24 it was 70,903 tons, in 1924-25 it was 99,179 tons, and in 1925-26 it went up to 1,35,888 tons. You will see, Sir, that the import of these commodities is increasing every day. And what have we done? We were told the other day by the dairy expert that we have opened a dairy farm and we are developing different sorts of trades. Referring, Sir, to the report of the Dairy Department of the Agricultural Research Institute at Pusa we find that all the surplus animals are sold by auction, which means, Sir, that dairy cattle which have been raised at the expense of the Indian taxpayer are not even sold to the farmers on an easy system of payments. If the Government is really anxious about this industry, the best thing and the only thing to do would be to give the best cows and the best buffaloes to the farmers and recover the price from them on the instalment system. That seems to be the only possible remedy so that the farmer might know how to develop the best breeds of cattle and multiply the best breeds in the country. I was simply surprised to find in this report. . . .

**Mr. President:** Order, order. Will the Honourable Member kindly bring his remarks to a close now?

**Mr. Mukhtar Singh:** Only two minutes more, Sir.

**Mr. President:** If I give two minutes to every Honourable Member there will be no end to it.

**Mr. Mukhtar Singh:** Only one word more, Sir. I find that the Government expert asked to be allowed to make an experiment with condensed milk and other articles that can be manufactured from Indian milk, and what was he told? He was told that only the Anand Creamery could be given to him, and that too not to make experiments in but on condition that it pays. That shows, Sir, that it is only the commercial spirit that is animating the Government department. They do not care that the industry is going to the dogs and that therefore every effort should be made to save it. With these words, I would submit that to a farmer the whole of the Budget is very disappointing indeed.

**Mr. O. Duraiswamy Aiyangar:** Sir, I will try to make good some of the excess time occupied by other Members. In the first place I would refer to the special benefit conferred by this Budget upon my province by the total extinction of the contribution, which had been made the subject of division between us and some Members of the Madras Council on previous occasions whenever we wanted to bring a reduction of the salt tax here. The Honourable the Finance Member has always been trying to divide us by saying that if we moved for the reduction of the salt tax here he would not give any remission in the contributions which are due from the Madras Government. In that way he was trying to create some misunderstanding between Members of the Madras Council and the Madras representatives in the Assembly; and I hope that now that he has totally abolished that contribution, he will not attach to it a threat that, if we

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bring forward a reduction of the salt tax again before him, he will once more use that power against us.

Secondly, Sir, when my Honourable friend Mr. Gopalaswami Ayyangar was making his speech on this question he was placing before this House such a crowded programme of improvement that is waiting in the Madras Council that I did not know exactly whether he referred to the Ministers there or to the executive branch also; he was placing before this House such a crowded programme of improvements that I was terribly afraid whether all this grant that has been made by the Honourable the Finance Member will not be dissipated without any use. Therefore, Sir, I would suggest to the Finance Member here that he should keep some hold upon it and earmark it for certain specific purposes so that the Madras Ministers might have control over this amount for specific purposes, for instance, the spread of education and the starting of new schools. I hope, Sir, that the Madras Council and the Madras Government will look upon this as an object or monument standing for ever as a regaining of the stolen property of the Madras Council and to commemorate it they will keep this fund apart for a specific purpose and say at any time for future generations also that this is the amount which they got back from the Honourable Sir Basil Blackett in order to use it for the education of the province. Therefore, I say, Sir, let it be earmarked for specific purposes.

So far as the Budget goes, Sir, I cannot congratulate the Honourable the Finance Member. It still continues a disfigured budget; so long as it is composed of revenues derived from opium, from excise and from the salt-tax I will never consider that as a budget upon which either Sir Basil Blackett should congratulate himself or other Members should congratulate him. Sir, to speak of a budget as a prosperous budget by having incorporated in it revenues of this kind is as good as saying that a manager of a family might as well boast that he has saved money at the end of the year by saying that his eldest son has brought so much stolen property from the neighbouring house, that another son committed burglary and so on and all that property had been put into the hotchpot and therefore he was able to show a good saving at the end of the year. This kind of revenue derived from opium, this kind of revenue derived from excise which is Rs. 44,89,000 as against the land revenue, which is only Rs. 41,97,000 so far as this Government is concerned, is, I submit, not matter upon which he should congratulate himself. The Honourable the Finance Member said in the course of his budget speech that it is always wise in discussing figures and accounts to remember that money represents nothing more than a power to command goods and services. I wish, Sir, the Honourable the Finance Member will always bear in mind also that it is wise to forget that money is a tempter of evils and sins. If only he forgets that, if he remembers that money should be used only for getting goods and not evils and sins, then he will no longer be addicted to opium and excise.

After all, Sir, is this the budget of a rich man or is it the budget of a poor man or of both combined? It is principally a budget of the rich man. The other day when Colonel Crawford was moving in this House that the duty on petrol must be reduced, I thought he was the barometer of the Government to indicate what was going to happen; and though I was not prepared to speak on that subject I said by one sentence here "I oppose it" and kept quiet; I knew that coming events cast their shadows before and when I saw the budget here there is the clearest indication of

what that index showed, that it is a rich man's budget, that the duty on motor cars will be reduced, that the duty on tyres will be reduced, that the duty on all other things which pertain to the luxury of a rich man will be reduced, but the poor man will not be relieved in any manner. Sir, you are prepared to abolish the export duty on tea; you are prepared to abolish the export duty on hides; but have you got any idea at all as to what the poor man suffers from the salt-tax and have you any mind to reduce it in any manner? Sir, when you are prepared to remove the stamp duty on bills of exchange . . . . .

**Mr. President:** Will the Honourable Member address the Chair?

**Mr. C. Duraiswamy Aiyangar:** Sir, does the Honourable the Finance Member remember that when he was prepared to remove the stamp duty on bills of exchange and the stamp duty on cheques, he once opposed me when I wanted a slight amendment of section 35 of the Indian stamp Act so that in cases where out of ignorance the parties fail to affix stamp duty those promissory notes may be admitted on payment of a penalty? He was harsh with me; he opposed it at the time of introduction and he said that the Local Governments must be consulted and that it concerned them also. Now, Sir, he is prepared to remove altogether the stamp duty on bills of exchange or on cheques, but he would not give relief to promissory notes. These are all transactions in which rich men, commercial men, educated men are entering into, and he is prepared to give relief for all their purposes. Sir, I had to put up a strong fight in this Assembly during the last three years for making the articles imported by handloom weavers free of duty, and I did not succeed here. I put questions on this subject, and I was given evasive answers, but when Mr. Saklatwalla put the same questions in the House of Commons, the Imperial Parliament referred the matter to this Government, and then Honourable Sir Charles Innes took it up in right earnest and introduced a Bill, but even then he would not make it free of duty, but he reduced it from 15 per cent. to 2½ per cent. Sir, that is the difficulty with which we have to force the case of the poor man here, while the rich people are better able to take care of themselves so far as this Assembly is concerned.

Sir, there are some subjects to which I may allude on this occasion, because they are of two classes, one is the untouchable class and the second is the unreachable class. Among the untouchable class comes the expenditure of our army. Just now we have had a very impressive exposition of the state of things from His Excellency the Commander-in-Chief. We cannot pose as experts in regulating the expenditure of the army, but this much, Sir, we can certainly say, that if there was not distrust of Indians in the matter, if in this country the army had been made up of Indians in all its various branches, then the expenditure could certainly have been cut down apart from the question of the number of the forces. In which other country, I ask, Sir, in which other country on the face of this earth are there mixed persons who compose the army? And is it not in India alone that you have such an undesirable spectacle, because you want to retain your supremacy, your military supremacy, over this country by excluding Indians altogether from the army commissioned ranks, and thereby enhance the expenditure of the army? Sir, is it not this Government, of all Governments in the world, that is always treating its subjects with distrust and want of confidence and retain an army, even in peace time, not for aggression outside, but for aggressive acts towards their own subjects? Sir, in 1923, I think, it was stated on the floor of this House that the army in

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India could not be reduced, because there was then the non-co-operation movement in the country. They wanted to force non-violence into violence and for that purpose they maintained an army then, and even to-day the army cannot be reduced in numbers. Why? Because they want to have in this country their supremacy by militarism which will not admit of Indians being made the whole composition of the army and thereby the expenditure of the army being reduced, without the strength and the force of it being diminished. Therefore, I consider it is no good saying that in this country the army expenditure cannot be reduced. In Germany the expenditure on the army is 23,177,000; in Italy it is 24,719,000; in Canada it is 2,445,000; in Japan 24,192,000; in Australia 7,653,828; in South Africa 1,044,191; whereas here in India we have got 54,92,00,000 to spend next year over the army! And when the Retrenchment Committee suggested that there ought to be a reduction to fifty crores or even less, the Honourable Sir Basil Blackett very cleverly says in his budget speech that the proposals of the Retrenchment Committee, "well, without being uncomplimentary to them, can be declared to be shortsighted." So many years after the Retrenchment Committee's Report was placed before him, it is now left to Sir Basil Blackett to say in his budget speech the other day that their policy was somewhat shortsighted. It is with this view that I put a question a few days ago whether he still retained that book in his library or he has thrown it into the old curiosity shop, and I find in his budget speech that he himself says that the recommendations of the Retrenchment Committee are shortsighted recommendations . . .

**The Honourable Sir Basil Blackett:** Out of curiosity, will the Honourable Member read what I did say?

**Mr. C. Duraiswamy Aiyangar:** Sir, my Honourable friend Mr. Rangaswami Iyengar has taken up the constitutional question, as I put it a few days go, that items which were once being voted have been taken to the non-voted side, and that, Sir, is a grave encroachment upon the privilege of this House. That day my friend could not pay so much attention to this matter; otherwise he would have backed me up by a very strong speech. Constitutionalist, as he is, Mr. Rangaswami Iyengar did not forget the matter, and he took it up and studied it very carefully and he has placed the matter before the House this morning very ably, and I hope the Honourable the Finance Member will now at least answer how he can so safely and so freely encroach upon the privilege of this House. Last year with reference to the Governor General's staff and household expenditure, we had all those items as voted items. But what has been done during the course of the year? You surrendered, His Excellency the Governor General surrenders all this amount as though it was untouchable money, because it was voted. You called it surrendered, but it was again sanctioned by His Excellency in order to make it non-voted, and now we find in the revised estimate in the Budget, the expenditure is lifted from voted to non-voted, and from non-voted it comes to the same level now as non-voted this year. Are you afraid, or is this Government afraid that we will not vote for the household expenses of His Excellency the Governor General? Do you want to protect it by making it non-voted? I ask you, Sir, what was the necessity for you to change it during the year? Probably because notices of cuts were given to reduce the expenditure of His Excellency the Governor General by a hundred rupees, Government got alarmed and in the course of the year converted those items from voted to

non-voted so that we may not touch these items once more. Is that the policy to be pursued? Is it right, Sir, that there should be such a constitutional deviation or constitutional encroachment upon the privileges of this House? I protest, Sir, that it is not right.

Now, Sir, we have got a good deal of expenditure under the head 'Expenses for His Excellency the Governor General'. What is there to prevent me from discussing it to-day, though not two days hence? Hence I ask, Sir, is this expenditure which goes to make up the salary, the household allowance, the contract allowance, the sumptuary allowance, charity allowance, and various other allowances, all of which put together come to very nearly Rs. 19,54,000 per year, to be found in any other part of the world? Do you find such extravagant expenditure in any British Colony? Do you find it in Canada? Do you find it in Australia? I ask the Honourable Members over there. (Laughter). Do they find such extravagant expenditure in any other country or anywhere else in the world? In Canada the Governor General gets only £10,000; in Australia he gets £10,000; in South Africa the Governor General gets £10,000; and how much is the Governor General paid in India? What is it that he is paid here in a poor country? And yet we have not grudged it at any moment. Still Honourable Members over there are afraid that we will touch it and so they make the whole item non-voted. Sir, I ask our friends over there, either govern this country properly and reduce all your expenditure or go back.

Sir, there is one other point which is untouchable, and that is the Ecclesiastical Department which spends Rs. 31,40,000. Sir, what is the justification for the Hindus, Muslims, Parsis and for the various communities that inhabit this vast continent spending so much money for the Churches, for the Chaplains, for the Bishops who are maintained here at the cost of this country? My friend Sir Purshotamdas Thakurdas raised the point in the Inchcape Committee by a dissenting minute, and nobody cared for it. I ask, Sir, is there any justification for spending the taxpayer's money for propagating your religion? Very often it is said that it is intended more for the army. I very much doubt, Sir, whether the army will be benefited by preaching the Sermon on the Mount which teaches the replacement by non-violence of violence. That Sermon will do no good to the army. But apart from that question, I ask, Sir, why not Indianise at least the Ecclesiastical Department? There is no question of law and order there. There is no necessity for them to fight with guns nor is there any necessity for the use of aeroplanes or bombs. The Indian Christian missionaries as the chaplains, will preach and calmly teach the religion in all its spiritual aspects quite as well as the English missionaries. The Indian Christian missionaries can do it very well, and if only you substitute the Indian agency for the English chaplains whom you have in such large numbers, you can certainly reduce the expenditure under this head to 10 lakhs and save us 21 lakhs annually. Will you do it? Will they do it. I ask?

**Mr. President:** I have repeatedly asked the Honourable Member to address the Chair.

**Mr. C. Duraiswamy Aiyangar:** With due deference to the Chair, Sir, if you will permit me to say that, when I was going through the reports of the last few years, I found, Sir, that it was you who made the practice of addressing the Government Members directly.

**Mr. President:** Order, order.

**Mr. C. Duraiswamy Aiyangar:** And it was very impressive; however, I cannot disobey your ruling.

Now, Sir, what I submit is this. Will the Government make it a point to reduce the expenditure of the Ecclesiastical Department by Indianising it? Absolutely no harm will be done, because it is not a matter which concerns law and order.

I will now pass on to another subject . . . .

**Mr. President:** The Honourable Member must now conclude his observations.

**Mr. C. Duraiswamy Aiyangar:** Only one minute more, Sir. In the budget we find that last year no amount was borrowed in England and on the other hand much has been spent there for reduction of the sterling debt and also to purchase without raising any sterling loans. I take it that there is a political aspect also. I take it that the Englishmen are now unwilling to offer loans after the Gya Congress Resolution that future debts will be repudiated and therefore the Government are making a virtue of necessity. However, Sir, with reference to that question of debt, I will not trouble the House with figures now, and I hope I will have another opportunity of dealing with it at greater length.

**Mr. Harchandrai Vishindas** (Sind: Non-Muhammadan Rural): Sir, first of all thanking you for giving me an opportunity of making a few observations, I say that I quite associate myself with those Honourable Members of this House who have given credit to the Honourable the Finance Member for some very good points that we find in this Budget but I might as well tell him in advance that my congratulations are not entirely unmixed. (*The Honourable Sir Basil Blackett*: "They never are.") Now, the good points that have been brought up in the Budget are firstly, the surplus, which is the fourth in succession, and we are also thankful to the Finance Member for telling us that this surplus will continue in the future also. We should also be grateful for the small mercy of a small reduction of taxation which, as appears from paragraph 43 of the Honourable Member's speech, amounts to only 6 lakhs because, whereas, on the one hand, only 24 lakhs have been remitted, on the other hand, an additional 18 lakhs have been imposed. So that, although that is a point for gratification, it is rather a small mercy. I also congratulate him upon declaring that the debt position is very satisfactory and that for a considerably long time we have not been resorting to external borrowing. We are also glad at the announcement that 2·7 millions of the sterling loan have been repaid and that in future no outside loan is to be raised. Also that there is a decrease in the unproductive debt of nearly 30 crores. Another is the saving in interest which is estimated at 5½ crores as detailed in paragraph 21. We have further cause for satisfaction at some increase in expenditure on education as detailed in paragraph 31. And last but not least, there is the reduction in provincial contributions. When I have said so much I have exhausted the whole tale of the advantages which the Budget has conferred on us. (*An Honourable Member*: "What more do you want?") Now, I propose to deal with the other side of the picture. And herein I give the catalogue of my grievances in regard to the financial administration and policy of the Government of India. In the first place, I should

be failing in my duty if I did not make an allusion to the unfair treatment which has been given to my Presidency of Bombay. (Hear, hear.) Now, Government had decided some years ago in revision of the Meston Settlement that, if there was any excess of income-tax from the figures of 1920, the Government of Bombay would be made to share in that. But what has happened? The figures of 1920 were so excessive that it has not been possible hitherto to take advantage of any excess because no excess has come in. Then, so far as unremitted balances are concerned, Bombay and Bengal have been both very unfairly treated as compared with Madras, the United Provinces and the Punjab. Look at page 16 of the Explanatory Memorandum by the Financial Secretary. Madras' fixed contribution was 3 crores 48 lakhs, of which only 48·73 lakhs remains as unremitted; the United Provinces' fixed contribution was 2 crores 40 lakhs, of which what remains is only 51·6 lakhs; of the Punjab it was one crore 75 lakhs, and what remains is only 25·80 lakhs. Whereas so far as Bombay is concerned, Bombay's fixed contribution was only 56 lakhs, and there is still an unremitted balance of 37·27 lakhs. Then even between Bombay and Bengal, Bombay has been very unfairly treated. If you look at the last words of page 69 of the Honourable Sir Basil Blackett's speech, you will find that he says:

"It is needless for us to embark upon a critical examination of the causes of Bombay's difficulties. Even though we might be inclined not to acquit Bombay altogether of responsibility in the matter, we must in fairness recognise that the existing Devolution Rule 15 regarding the grant to the Provinces of an interest in the proceeds of Taxes on Income which was designed for the benefit of Bombay and Bengal in particular, has altogether failed in its purpose. Any special claims Bengal might have urged in this connection have been liquidated by the relief already accorded; she has been relieved from 1922-23 onwards of the payment of any part of her annual contribution of 63 lakhs, a gift of the aggregate value of 3·15 crores up to 31st March 1927. The only corresponding gift made to Bombay was a special non-recurring reduction of her contribution of 22 lakhs for the year 1925-26 only."

From his own mouth we see an admission of this unfair treatment to Bombay as compared with Bengal. But it is not a gift that has been made to Bengal. Bengal has sat tight and declined to pay any pie of the 63 lakhs and she has been allowed to escape unmolested. I wish Bombay also had sat tight and not paid anything.

Then my third grievance is that expenditure on beneficial services has been very meagre in spite of the surplus budgets. No programme has been set out for sanitation, medical relief or central research. Then a very sad tale for me to tell is that the treatment that the Government exchequer has given to Benares and Aligarh Universities is very niggardly and very much to be deplored. They never receive grants equal to what the Provincial Governments give to Allahabad, Lucknow and Dacca. Benares especially received no building grant or equipment grant, even to the extent of what ordinary colleges receive under the grant-in-aid code from Provincial Governments. I am told by the Honourable Pandit Malaviya that we received only 2 lakhs last year. Now, then, the treatment of Delhi University is still worse than these instances that I have pointed out although it is directly under the control of the Government of India and was started as an integral part of the Imperial capital. Government only gave Rs. 85,000 for both recurring and non-recurring expenditure. No additional faculties of commerce, technology, the fine arts, etc.,

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were started, although it was expressly laid down in the Act which created this University that these faculties would also be in course of time provided for. Even the site originally allowed to it in Raisina has been cancelled. With Rs. 85,000 grant the University had a deficit of Rs. 36,000 in the current year and will have a deficit account in the budget of Rs. 37,000 in 1927-28. If that is the condition of things with regard to this University, I say, better scrap the University altogether than let it be carried on in such a cheese-paring and miserly fashion. It is certainly no credit to the Imperial capital of which it was to form an integral part at the time of its start.

Now, then, with great respect to His Excellency the Commander-in-Chief and the very lucid and gracious explanation which he gave just now of the military expenditure, I will, on the floor of this House, present some figures which tell a different tale and which do not justify the claim that the utmost possible economy has been exercised in the military expenditure of which the Honourable Sir Basil Blackett said that the last limit was reached at Rs. 54.92 lakhs, the figure in the Budget presented, and that no further reduction was possible. A journal called the *Statist*, published in London, of August 1st, 1925, makes this remarks :

"The personnel of the Army and Navy in 1925 (meaning the English Army and Navy) is considerably below that of 1914 (previous to the outbreak of war) and the total Army and Navy expenditure making due allowance for charges in the value of sterling, is lower than it was then."

Now, Sir, if you compare the case of India with that of England, what do you find? In India, in 1913-14 the military expenditure was nearly 30 crores. In November 1926, taking the Bombay index of prices of commodities at 146, that is to say, taking on the average a 50 per cent. rise in prices, since the war, the military expenditure should not have gone beyond 45 crores in order to be equal to what it was in 1913-14. In England the military expenditure has been reduced from what it was in 1913-14. Still, if we assume that the expenditure here should be at the same level as in 1913-24 it should be only 45 crores and not 54 or 55 crores, and yet the revised estimate for 1926 shows the military expenditure at 55.5 crores. The national income of England is much larger than that of India. Her responsibilities are of an Imperial nature and therefore much heavier, and yet, her military expenditure is less than what it was in 1913-14. Adding to this, Sir, the allowance that should be made for the difference in exchange since 1913-14, the burden is still larger on India.

There are some other facts with regard to military administration which, Sir, with your permission, I will refer to. On pages 2355 and 2356 of the report for 1926 of the debates of this Assembly we see these remarks made by Sir Sivaswamy Aiyar :

"A number of Resolutions were passed in the first Session of the first Assembly on the Esher Committee's Report and in a few unimportant matters action has been taken; but upon really important questions, such as the admission of Indians to all branches of the Army, the throwing open of a larger number of King's Commissions in the Territorial force and various other matters in regard to all those matters that really do matter no action has been taken."

Here he was interrupted by the Army Secretary and he made certain qualifications, regarding the Territorial Force. Of course I speak subject



to correction. If the military experts on those benches correct me and say that I am wrong, I will certainly apologise. But I think some of these proposals have not yet fructified.

Then, Sir, there is this important fact that no real relief to the tax-payer has been given in this Budget as has been remarked by many a speaker before me. Of course I do not condemn the reduction of the motor tax on the ground, as some speakers have done, that it is a concession to the rich only. I think it is a concession indirectly to the poor man also because if you facilitate and quicken transport, you increase commerce. You give facilities not only to the rich owners of the motor cars but you also make for commercial advancement of the country and that to a great extent does benefit the poor man also. Therefore I do welcome this reduction. No real relief to the tax-payer is given from the high level of war taxation and that which was imposed to cover the deficits of 1918-1922, estimated by the Inchcape Committee at 49 crores. Rather the burden is increased having regard to the increase in the purchasing power of the rupee. My last complaint is that when the Inchcape Committee made their recommendations for retrenchment, they made their calculations on the basis of 1s. 4d. to the rupee. Government in their own memorandum apprehends a loss of 5 crores if that rate was reverted to. There was another cause for reduction of expenditure, namely, a further fall in prices; and since 1923 prices have fallen. Moreover, owing to a fall in interest, Government had another gain. All these three factors should have combined to bring down the level of expenditure much below what the Inchcape Committee recommended, and still nothing of that sort has happened.

**Mr. H. Shankar Rau** (Finance Department: Nominated Official): Sir, I rise to make only a few minor observations and will, as far as possible, avoid touching on questions of policy. The first point and a very important point—which was raised by Mr. Rangaswami Iyengar, related to the question of transfer of certain items from the voted to the non-voted category in the course of the current year. I believe he suggested that it was deliberately and surreptitiously done. Well, it was done deliberately. It is the result of the passing of the Government of India (Civil Services) Act, 1925, which received His Majesty's assent on the 22nd December, 1925. When we got copies of the Act in India, it was rather too late to give effect to the change in the Budget for the current year and the result was that we had to postpone the change necessarily to some time later. So far as the total amount goes, I do not think that it really very much matters, although there is, I admit, a question of principle involved. I shall have a statement prepared showing how the change affects the control which the Assembly has been able to exercise and is exercising at the present moment over the expenditure of the Central Government.

Next I come to the question of under-estimating revenue and over-estimating expenditure. It is very disconcerting, Sir, to me, as Budget Officer, to be told that I am constantly under-estimating revenue and over-estimating expenditure. I must admit that a certain amount of caution is ingrained in my constitution and I am certainly not sorry for it, and I dare say that the House would have been sorry had it been otherwise. I put it to the House this way.

[Mr. H. Shankar Rau.]

What, after all, is the aggregate amount of difference? I am not speaking of the disparity between the revised estimate and the actuals, but I am speaking of the disparity between the original estimate and the actuals or the revised estimate as the case may be. You will find that in 1925-26 and 1926-27 the disparity has not been more than 3 crores. And what is 3 crores when the gross expenditure is over 200 crores? It is just less than  $1\frac{1}{2}$  per cent. I challenge any Member of this House to prepare his personal budget on such a satisfactory footing.

**Mr. A. Rangaswami Iyengar:** A State Budget is very different.

**Mr. H. Shankar Rau:** Take the case of a very ordinary individual who has a fixed income of Rs. 100 a month and no more. Suppose his pay is Rs. 100 a month and he is sure to get it on the 1st of every month. He has got a certain number of items of expenditure. I challenge him to say on the 1st what he will be left with at the close of the month. Suppose he says he will be left with one rupee on the 30th, and if he finds himself with Rs. 4 in his pocket, are you to blame him for it? On the other hand, I think his position would indeed be a sad one if he had to go to a bania for Rs. 3. I am not saying this in *justification* of the disparity in the budget figures, but it is only an explanation of the fact that we cannot absolutely help having such disparities. Let me add that we are not an incorrigible set of people. We do improve, we live and learn. We have instituted a system of lump cuts, and as the Public Accounts Committee recommended, we are carrying them out more boldly and more boldly from year to year. We *are* bold, we *can* be bold; but we cannot be *too* bold: that is our difficulty. You will find in paragraphs 12 and 27 of the Secretary's Explanatory Memorandum evidence of the fact that we have paid considerable attention to this question with the result that both in our revised estimates and budget estimates a very considerable surplus has been brought to light. That would not have been the case had we been as conservative as we used to be.

I turn next to the question of the utilisation of the surplus, what exactly we are going to do with the surplus. I believe a great authority has said that it is the exemplary purity of the British system of finance in accordance with which surpluses go towards the reduction or avoidance of debt. Except for the year 1927-28, we have consistently been following this principle and if in 1927-28 we are going to make a departure, it is only for the reason that we want to be rather accommodating to the provinces and I do not think that it is a reason why the House should complain. Further, the House will realise that so long as these surpluses are utilised towards the reduction or avoidance of debt, our interest on dead-weight debt, as has been so clearly pointed out in the budget speech, is reduced to a very considerable extent and the provinces also do get a benefit from the reduction in the rate of interest. Then certain Honourable Members thought that what we should have done was to reduce the salt tax and the postal rates. It is really not for me to expatiate very much on this aspect of the case except that, as Budget Officer, I should find very considerable difficulty in finding money for all these things *simultaneously*. Everything will come in its own time. I think in the last four years we have done quite enough and more than enough, and we will certainly do more when we are in a position to do so. The fact is that the salt duty which was

at Rs. 2-8-0 has been reduced to Rs. 1-4-0; the cotton excise duty has been abolished; and the provincial contributions have dropped from 988 lakhs to 258 lakhs permanently and, for all practical purposes, I hope, have been finally extinguished. That is a great achievement, and if the House finds fault with that, I do not know what exactly will please it. The remarks made from various quarters incline me to believe that the more we do the more unsatisfactory the position is taken to be.

**Mr. A. Rangaswami Iyengar:** We do not want bounties. We want justice.

**Mr. H. Shankar Rau:** One Honourable Member pointed out that British taxation was reduced, that in England they have reduced taxation to a very great extent and we have not done it. I do not know that there are any provincial contributions going in England, and that is the reason, I suggest, that they are able to reduce taxation. When we have got rid of these contributions we should be in a position to reduce taxation.

Lastly, I will touch upon the question of military expenditure. His Excellency the Commander-in-Chief has dealt with the policy of the thing and I need only refer to the figures. The figures given in the budget speech will show that the expenditure has dropped from Rs. 69·81 crores in 1921-22 to Rs. 54·92 crores in 1927-28, that is to say, a reduction of fully Rs. 15 crores in six years. Somebody suggested that we might go back to the figure of the nineties. I wonder if that figure, at the prices ruling to-day, would be sufficient even to enable us to purchase the requisite stores for the army and pay the pensions, quite apart from the question of Indianisation. It would be barely sufficient for the purchase of stores.

Then, I believe my Honourable friend Sir Hari Singh Gour referred to the Brussels Conference and the proportion of military expenditure to the general revenues of the country. What was implied was that the military expenditure bore a considerable proportion—something like 40 to 60 per cent. or possibly even more. But I might read out to the House the answer which was given on the 25th January 1926 in this connection. The answer was as follows:

"As there seems to be considerable absence of clearness about the references frequently made to the Brussels Conference, I lay on the table a copy of those resolutions of that Conference which dealt with public finance. The Honourable Member will find that his version is not supported by the text."

It was so even to-day. The second paragraph says:

"The comparison made at the Brussels Conference was between the average expenditure upon armaments of various nations with their total national expenditure. In the case of India, it would, of course, include expenditure of the Provincial Governments."

I may say this is a fact which is always overlooked.

"For the year 1924-25 the total national expenditure of India, including that of the Provincial Governments but excluding the working expenses of the Railways, and of the Posts and Telegraphs and Irrigation Departments, was approximately Rs. 203·68 crores. The military expenditure was approximately Rs. 55·69 crores which amounts to 27 per cent. of the former figure."

Sir Hari Singh Gour invited us to frame an approximate calculation including, in this military expenditure, the loss on strategic railways and expenditure on armed police and that sort of thing. I find, making a liberal allowance—it is only a rough estimate, I have been doing it while sitting here—the percentage will remain practically the same.

**Mr. A. Rangaswami Iyengar:** Including Railways?

**Mr. H. Shankar Rau:** *Excluding* the working expenses of the Railways and of the Posts and Telegraphs and Irrigation Departments. So I do not think the position is even appreciably worse than when we gave the answer in January, 1926.

The Assembly then adjourned till Eleven of the Clock on Friday, the 4th March, 1927.

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# LEGISLATIVE ASSEMBLY.

Friday, 4th March, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### GRIEVANCES OF CLERKS OF ACCOUNTS OFFICES.

694. **\*Mr. Nirmal Chunder Chunder:** (a) Has the attention of the Honourable the Finance Member been drawn to a letter published in the *Forward*, dated 11th February, 1927, regarding grievances of clerks of Accounts offices?

(b) Is it a fact that the benefit derived from the introduction of the new scale was only from one rupee to eight rupees per month and as such, it has not rendered any appreciable benefit to the old hands of the establishment on whose memorial the old scale was revised?

(c) Is it a fact that those clerks who have rendered seven years' service or more will not be able to reach the maximum of the sanctioned scale?

(d) Is it a fact that the difference between the old and the newly sanctioned minima was not granted to all—especially the old hands of the establishment?

**The Honourable Sir Basil Blackett:** Enquiries are being made and the information will be furnished to the Honourable Member as soon as possible.

### EXPENDITURE INCURRED IN GIVING EFFECT TO THE RECOMMENDATIONS OF THE LEE COMMISSION.

695. **\*Mr. Nirmal Chunder Chunder:** Is it a fact that the Government have recently spent a large sum of money in giving effect to the recommendations of the Lee Commission as a result of the present satisfactory condition of the finances?

**The Honourable Sir Basil Blackett:** The facts as regards the expenditure of the Central Government consequent on the Lee Commission's recommendations were given in my reply to questions 96, 431 and 439 on 25th January 1926. The answer to the present question in the form in which it is asked is in the negative.

### GRANT OF COMPENSATORY HOUSE RENT ALLOWANCE TO THE CLERKS OF THE POSTS AND TELEGRAPHS DEPARTMENT.

696. **\*Mr. Nirmal Chunder Chunder:** (a) Is it a fact that the Government have recently sanctioned the grant of compensatory house rent allowances for the clerks of the Posts and Telegraphs Department?

(b) Is it a fact that the Government of India in their Finance Department letter No. 1660-F. E., dated 10th July, 1923, admitted the grievances of the clerks of the Civil Accounts offices, but expressed their inability to grant any relief owing to financial difficulty at the time?

(c) If so, will the Honourable Member kindly state when the relief promised by the Government will be granted to the clerks of the Accounts Department?

**The Honourable Sir Basil Blackett:** (a) The Government have not recently sanctioned any compensatory house rent allowance for the clerks of the Posts and Telegraphs Department, but compensatory allowance has been sanctioned for the non-gazetted selection grade staff of that Department in Rangoon, Bombay and Calcutta only.

(b) and (c). In the letter referred to, the Government recognised that on a comparison of their pay with rates sanctioned by Local Governments for their own establishments the clerks in the Civil Accounts Offices felt they had a grievance, but they postponed consideration of the question of revising their pay pending consideration of a suggestion made by the Indian Retrenchment Committee for an enquiry with a view to reducing the pay of the subordinate services generally including those paid by Local Governments. When such general reduction was found not to be feasible the revision of pay in Civil Accounts Offices was sanctioned with effect from the 1st March 1924.

#### INDIAN GUARDS OF THE EASTERN BENGAL RAILWAY.

697. **\*Mr. V. V. Joglah:** (a) Will Government be pleased to state how many Indian guards of the Eastern Bengal Railway are drawing the maximum salaries of "A" class?

(b) How many "B" class guards were directly recruited in the year 1926?

(c) How many Indians of "A" class drawing maximum salaries have been promoted to the "B" class in the year 1926?

(d) Will Government be pleased to state the number of "B" class guards sanctioned in the authorisation roll for the year 1926?

(e) Is it a fact that "B" class guards were appointed in excess of the sanctioned number?

(f) If so, how many under each race?

**Mr. A. A. L. Parsons:** (a), (b), (c), (e) and (f). The information will be collected and sent to the Honourable Member in due course.

(d) 186.

#### APPOINTMENT OF INDIANS AS "B" CLASS GUARDS ON THE EASTERN BENGAL RAILWAY.

698. **\*Mr. V. V. Joglah:** (a) Will Government be pleased to state if it is a fact that the Traffic Manager, Eastern Bengal Railway, has appointed directly Anglo-Indian and European guards in the "B" class ignoring pure Indians eligible for such promotion?

(b) If not, will Government be pleased to state the reason for not appointing Indian graduates and senior "A" class guards in the "B" class?

**Mr. A. A. L. Parsons:** (a) and (b). Government have no information. The Agent is aware of the views of the Government in connection with recruitment.

PAY OF INDIAN DRIVERS ON THE EASTERN BENGAL RAILWAY.

699. **\*Mr. V. V. Jogiah:** (a) Will Government be pleased to state if it is a fact that Indian drivers of the Bengal Nagpur Railway are getting more pay than the Indian drivers on the Eastern Bengal Railway?

(b) If so, will Government be pleased to state if they are going to raise the status and pay of Indian drivers on the Eastern Bengal Railway?

**Mr. A. A. L. Parsons:** (a) There are no separate rates of pay for Indians employed as drivers on these railways. Drivers' pay and mileage allowances vary on different railways being fixed according to the work required to be done and to local conditions.

(b) No.

GRANTS-IN-AID TO EUROPEAN AND INDIAN RAILWAY INSTITUTES BY THE EASTERN BENGAL RAILWAY.

700. **\*Mr. V. V. Jogiah:** (a) Will Government be pleased to place on the table a statement shewing for the last three years, the number of members of each Railway Institute for Indians and for Europeans and the amount paid to Indian Institutes and European Institutes as grant-in-aid by the Eastern Bengal Railway Administration?

(b) If the amount paid to the European Institute is more than what is paid to the Indian Institute, what is the justification for such differential treatment?

**Mr. A. A. L. Parsons:** The information has been called for from the Agent, Eastern Bengal Railway, and will be supplied to the Honourable Member when received.

GRANT OF EXTENSIONS OF SERVICE TO EMPLOYEES OF THE BENGAL NAGPUR RAILWAY.

701. **\*Mr. V. V. Jogiah:** (a) Will Government be pleased to state whether any Indian in the ministerial establishment who was not granted an extension of service beyond the age of 55 years in the open line of the Bengal Nagpur Railway within the last two years is now employed in the Construction Department of the same Railway?

(b) If so, will Government be pleased to state the reason for refusing extension but admitting them again into service?

(c) Were any Anglo-Indians of the same Department granted any extensions of service after the age of 55 years within the last two years?

(d) If so, will Government be pleased to state the reason for such differential treatment?

**Mr. A. A. L. Parsons:** Government have no information on the point.

CASE OF MR. ASHUTOSH CHAKRABARTY, A GUARD OF THE EASTERN BENGAL RAILWAY.

702. \***Mr. V. V. Joglah:** (a) With reference to question No. 856 asked by Mr. Amar Nath Dutt in the Autumn Session of the Assembly held at Simla in September, 1925, in regard to Mr. Ashutosh Chakrabarty, a guard of the Eastern Bengal Railway, will the Government be pleased to state if the promised inquiry is finished?

(b) If so, will the Government be pleased to inform this House the result of the said inquiry?

(c) If not, why not?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) and (c). The result of the enquiry was communicated to Mr. Amar Nath Dutt, and, if the Honourable Member wishes, I will also let him have the same information.

ABOLITION OF THE LOWER DIVISION IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.

703. \***Mr. V. V. Joglah:** 1. Will Government be pleased to state whether it is a fact that:

(a) there was no classification in the clerical establishment under the Accountant-General, Posts and Telegraphs, before 1913?

(b) the several Deputy Accountants-General, in their letters Nos. Calcutta 1279-A. G./G., dated 21st January, 1920, Delhi E.-84, dated 24th January, 1920; Nagpur G./1377, dated 17th January, 1920, and Madras G./M.-3708, dated 17th February, 1920, strongly recommended the abolition of the lower division?

(c) the then Accountant-General, Posts and Telegraphs, Calcutta, in his demi-official No. 571, dated 28th July, 1921, to the Accountant-General, Railways, stated that if it was possible to enforce the lower efficiency bar strictly, the lower division might be abolished so that a man fit for mechanical work only might not go beyond the bar?

(d) there is a strict efficiency bar at Rs. 124 in the upper division scale?

2. If the replies to part 1 be in the affirmative, will the Government be pleased to state why the lower division has not been abolished and a uniform scale adopted?

GRIEVANCES OF EMPLOYEES OF THE SAVINGS BANK DEPARTMENT UNDER THE DEPUTY ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, CALCUTTA.

704. \***Mr. V. V. Joglah:** (a) Has the attention of the Government been drawn to the articles that appeared in the *Forward*, dated Calcutta, the 18th November, 1926, and 11th January, 1927, regarding the manifold grievances of the assistants serving in the Savings Bank Department under the Deputy Accountant General, Posts and Telegraphs, Postal Branch, Calcutta?



(b) If so, what steps have they taken in the matter?

(c) Will they please also state why office hours have been extended there up to 6 P.M. from 4-30 P.M., without any overtime allowance?

APPOINTMENTS IN THE UPPER DIVISION IN THE POST AND TELEGRAPH  
ACCOUNTS OFFICES AT CALCUTTA.

705. **\*Mr. V. V. Jogiah:** Is it a fact that raw recruits are being appointed against upper division vacancies in the Post and Telegraph Accounts Offices at Calcutta controlled by the Accountant General, Posts and Telegraphs, ignoring the claims of the lower division clerks in the Telegraph Check Office who have passed the departmental examination long ago and are experienced in the departmental work? If so, why are the latter not preferably provided against the upper division vacancies?

APPOINTMENTS IN THE UPPER DIVISION IN THE OFFICE OF THE ACCOUNTANT  
GENERAL, POSTS AND TELEGRAPHS.

706. **\*Mr. V. V. Jogiah:** Is it a fact that several recruits were placed in the lower division under the Accountant General, Posts and Telegraphs, though they secured more marks in the same recruitmental examination held in the same year 1920 than some of their fellow recruits who were placed in the upper division? If so, why should not the former be placed in the upper division with retrospective effect, from the date of their admission?

REDUCTION OF CERTAIN UPPER DIVISION CLERKS UNDER THE DEPUTY  
ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS, POSTAL BRANCH,  
CALCUTTA.

707. **\*Mr. V. V. Jogiah:** Is it a fact that certain upper division clerks under the Deputy Accountant General, Posts and Telegraphs, Postal Branch, Calcutta, have been permanently degraded to the lower division? If so, will the Government please state the reasons for this?

**The Honourable Sir Basil Blackett:** I propose to reply to questions Nos. 703 to 707 together. The information asked for would involve considerable time and trouble in collection and I trust the Honourable Member will recognise that the results are unlikely to be commensurate with the labour involved.

POSTS OF STATION MASTERS AT CERTAIN STATIONS ON THE EASTERN  
BENGAL RAILWAY.

708. **\*Mr. V. V. Jogiah:** Is it a fact that the posts of the station masters at Shivarampore, Jamtoil, Salap and Saratnagar have been filled up by junior hands ignoring the claims of a senior assistant station master at Phulbari on the Eastern Bengal Railway? If so, why?

**Mr. A. A. L. Parsons:** Government have no information and do not propose to enquire.

PROVISION OF QUARTERS FOR THE ASSISTANT T. X. R. AT BUDGE-  
BUDGE ON THE EASTERN BENGAL RAILWAY.

709. **\*Mr. V. V. Joglah:** Is it a fact that there is no railway quarter available at Budge-Budge station, Eastern Bengal Railway, for the Assistant T. X. R.? If so, do the Government propose to have quarters built early for the second T. X. R. Budge-Budge? If not, why not?

**Mr. A. A. L. Parsons:** Government have no information.

This is a matter for the Agent, Eastern Bengal Railway, to deal with. A copy of the question and this answer will be sent to him for such action as he may consider necessary.

ECONOMIES EFFECTED IN THE PURCHASE OF MILITARY STORES BY THE  
DIRECTOR OF CONTRACTS.

710. **\*Mr. Mukhtar Singh:** Will Government be pleased to state the economies effected in the purchases made through the Director of Contracts and over the previous system in vogue?

**Mr. G. M. Young:** It would entail a great deal of statistical calculation to compile the information asked for by the Honourable Member and Government are not prepared to undertake its compilation. But I may point out that the matter was examined by the Braithwaite Committee in 1922 which held that the operations of the Director of Contracts had resulted in considerable economies in the expenditure on stores. This finding was endorsed by the Retrenchment Committee which reviewed the Braithwaite Committee's report.

EXHIBITION GIVEN BY INDIANS IN BERLIN UNDER THE DIRECTION OF  
MR. HAGENBECK.

711. **\*Mr. Mukhtar Singh:** (a) Are Government aware that Indians are used as animals in a circus in Germany? If the answer be in the affirmative, will Government be pleased to state the number of Indians who are so employed in Germany and other places in Europe?

(b) Will Government be pleased to state when and how a passport to these Indians was granted?

(c) Were Government apprised of the fact at the time of granting the passport that the Indians were being taken outside India for being used like animals in the circus?

(d) Will Government be pleased to state who applied for the passports of the Indians taken outside British India for the purpose of show in foreign countries?

(e) Is there any truth in the statement made in the Press that Rs. 25,000 were deposited as security with Government for the safety of the Indians at the time of taking them outside India for the purposes of using them in the circus?

(f) Has the attention of the Government been drawn to the fact that Indians are being used as animals in the circuses of foreign countries? If so, will the Government be pleased to state the steps taken to stop this practice?

**The Honourable Sir Alexander Muddiman:** I presume the Honourable Member bases his question on the sensational articles which appeared in the Press some months ago regarding the exhibition given by Indians in Berlin under the direction of Mr. Hagenbeck. The allegations made were fully dealt with in a communiqué issued on the 1st December, a copy of which is to be found in the Library. It will be seen that there is no truth whatever in the suggestion that Indians were being used as animals, and I am surprised that the Honourable Member should continue to give currency to such a story after it has been categorically denied by Government.

2. The emigration of persons of this kind is governed by the provisions of the Indian Emigration Act, VII of 1922. Under section 2(f) (iii) of this Act, the work for which they were engaged comes specifically within the definition of "skilled work". Under section 16 application for permission to engage such skilled workers has to be made to the Local Government. The Government of Madras saw no reason to suppose that there was anything objectionable in the purpose for which these persons were recruited and they allowed them to proceed in accordance with the provisions of the Act. It is understood that security was furnished under section 16(2) (c) for the due observance of the conditions laid down and for the proper treatment of the persons engaged and that a sum of Rs. 7,250 was deposited with the Government of Madras, to be refunded on the return of the emigrants if the conditions laid down were observed satisfactorily. The Protector of Emigrants at Dhanushkodi has reported favourably on the physical and financial condition of the men who have returned.

3. The total number of persons recruited in Madras during the year 1926 for these purposes was 140, out of whom 104 have since returned. A party of 19 who were recruited for proceeding to Denmark in March 1926 and a party of 17 recruited for Holland in September 1926 have not yet returned.

4. The agents through whom these parties were recruited are.

- (1) Mr. J. Johansen, representative of Messrs. Carl Hagenbeck's Circus Co.,
- (2) Mr. Abdul Meah of Bombay.
- (3) Mr. N. M. Mohamed Hanifa of Colombo.

5. The persons recruited were granted individual passports.

#### ALLEGATIONS AGAINST THE AGENT OF THE BENGAL NAGPUR RAILWAY IN THE *BASUMATI* OF THE 18TH FEBRUARY, 1927.

712. **\*Mr. Mukhtar Singh:** Has the attention of the Government been drawn to the report published in the *Basumati*, dated the 18th February, 1927, in connection with the Kharagpur strike incident? Has the Government made any inquiries as to the allegations made against the Agent of the railway? If so, will Government be pleased to place on the table the results of such an inquiry?

**The Honourable Sir Charles Innes:** I am sorry that I have not been able to procure a copy of the article referred to.

## POST AND TELEGRAPH OFFICES IN THE SYLHET DISTRICT.

713. **\*Mr. Srish Chandra Dutta:** Will Government be pleased to state the total number of new post and telegraph offices opened in the district of Sylhet during the period from the year 1915 to 1926? What is the average jurisdiction area of the post and telegraph offices in the district of Sylhet and what is the distance of the most distant village from a post office and a telegraph office, there?

**Sir Ganen Roy:** Thirty-one new post offices and five new telegraph offices were opened. The average jurisdiction area is thirty-four miles. The distance of the most distant village from a post office is eighteen miles and from a telegraph office thirty-four miles.

## OPENING OF A TELEGRAPH OFFICE AT JAGANNATHPUR IN THE SYLHET DISTRICT.

714. **\*Mr. Srish Chandra Dutta:** Was there any proposal during the last 15 years for opening a telegraph office at Jagannathpur in the district of Sylhet? If so, why was the proposal given up?

**Sir Ganen Roy:** The proposal to open a telegraph office at Jagannathpur was considered in 1922. But it was dropped as it would have involved a heavy financial loss to the Department.

## CIRCUITOUS MAIL ROUTES IN THE SYLHET DISTRICT.

715. **\*Mr. Srish Chandra Dutta:** Are Government aware that the mail routes in the district of Sylhet are circuitous, not direct and very slow, in consequence of which letters posted from the town of Sylhet reach a post office situated at a distance of 26 miles only on the third day? If so, do the Government propose to take proper measures for making the mail routes more direct and easy?

**Sir Ganen Roy:** Government have no information that such is the case. The question of improving the mail routes wherever possible is engaging the attention of the Postmaster-General.

## IMPORT OF BETEL-NUTS FROM SINGAPORE.

716. **\*Mr. Srish Chandra Dutta:** Will the Government be pleased to state if there is any truth in the belief current in some parts of the country that Singapore betel-nuts imported into India and generally sold in the bazars cut in two pieces, are those used in tanning leather?

**Mr. A. A. L. Parsons:** Government have no information on the subject. I may add, however, that *prima facie* it seems exceedingly unlikely that there is any truth in the belief. For one thing, betel-nuts are so expensive a product that for this reason alone it seems very improbable that they would be used for the tanning of leather.

## PROVISION OF HIGH LEVEL PLATFORMS AT STATIONS ON THE ASSAM BENGAL RAILWAY.

717. **\*Mr. Srish Chandra Dutta:** Are the Government aware that the platforms in almost all the stations on the Assam Bengal Railway are very low and therefore cause much hardship and inconvenience to the

passengers, specially females, in both entraining themselves and getting down from the trains? Do the Government propose to take proper remedial measures in this behalf?

**Mr. A. A. L. Parsons:** It is left to the discretion of railway administrations to provide high level platforms at stations where the traffic offering justifies their provision. Government would, therefore, suggest that this matter be brought to the notice of the Agent, Assam Bengal Railway Company, through his Local Advisory Committee.

RETENTION OF HIS USUAL ALLOWANCES IN THE GENERAL SCALE BY A  
TELEGRAPHIST DEPUTED FOR TRAINING AS A WIRELESS  
OPERATOR.

718. **\*Mr. N. M. Joshi:** Will Government please state:

- (a) What is the scale of house rent allowance admissible to Government telegraphists in the General Scale?
- (b) When a telegraphist in the General Scale is ordered for training as a wireless operator, does he retain his usual allowances in the General Scale?
- (c) When the wireless operators are expressly ordered *not* to take their families to a particular place or locality, do they continue to draw their house rent at the original station, as family rates; and at the place where they are posted, at bachelor rates? If not, why not?
- (d) Is any preferential treatment given to Europeans and Anglo-Indians in this respect? If so, why so?

**Sir Ganen Roy:** (a) Rates vary from Rs. 15 to Rs. 45 per mensem and depend upon whether the telegraphist is married or single, the station where he is employed, his length of service, etc.

(b) Yes.

(c) Yes, unless special concessions are otherwise provided or the transfer is voluntary.

(d) No.

RECRUITMENT OF WIRELESS OPERATORS.

719. **\*Mr. N. M. Joshi:** With reference to my starred question No. 753, dated the 7th September, 1925, will Government please state:

- (a) Whether any examination is held for the recruitment of men as wireless operators?
- (b) How many men have since been recruited to work as wireless operators? How many of them are Indians and how many Europeans and Anglo-Indians?
- (c) Is the scheme referred to in the reply to (c) of my question No. 753, dated the 7th September, 1925, for the recruitment of Indians now in operation? If not, why not?
- (d) Is there any scheme in preparation to give special facilities to ex-service soldiers in the matter of recruitment, at the cost of the Indian operators?

- (e) What is the scale of pay of wireless operators sanctioned for:  
 (i) Indians, and (ii) Anglo-Indians and Europeans, at stations in India and out of India under the Indian Government?  
 (f) After recruitment, are the European and Anglo-Indian operators given any concessions in preference to Indians?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes, when recruiting ex-service men as wireless operators; no, in the case of departmental telegraphists who are operators.

(b) 26: viz., Europeans 11, Anglo-Indians 14, Indian 1.

(c) No. Before introducing any new scheme of recruitment it was considered desirable with the object of reducing the surplus staff of departmental telegraphists to transfer a certain number of these men to wireless work and this has also had the effect of increasing the number of Indians employed in wireless.

(d) No; but there has been a scheme in force since 1919 under which a limited number of ex-service men have been engaged.

(e) Two scales of pay, viz.:

Rs. 250—10—300 for ex-service men;

Rs. 80—250 <i>plus</i>	} for Europeans, Anglo-Indians and Indian departmental telegraphists.
Rs. 2/3 per diem	
wireless allowance	

(f) No.

**Mr. N. M. Joshi:** May I ask what steps Government propose to take to increase the number of Indians as wireless operators from the figure 1 to the figure 2?

**The Honourable Sir Bhupendra Nath Mitra:** The whole question of future recruitment into the wireless branch of the Telegraph Department as well as into the ordinary branch is now engaging my consideration.

#### GRANT OF A LICENCE TO THE INDIAN RADIO TELEGRAPH COMPANY LIMITED.

720. **\*Mr. N. M. Joshi:** (a) Have Government given a licence to any Radio Company in India?

(b) Will they be pleased to state whether while granting licence, they have imposed upon the Company any condition as to the training and employment of Indians as operators?

(c) Will they be pleased to state how many operators have so far been engaged? How many of them are Indians and how many Europeans and Anglo-Indians?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes; to the Indian Radio Telegraph Company Limited.

(b) The Honourable Member is referred to clauses 44 and 45 of the agreement with the Company, dated 24th February, 1925, a copy of which will be found in the Library.

(c) The Company has been requested to supply the information required and it will be furnished to the Honourable Member when received.

**Mr. K. C. Roy:** Will the Government be pleased to state what action they have taken to safeguard Government interests over the control of this company?

**The Honourable Sir Bhupendra Nath Mitra:** I think, Sir, that is provided for in the agreement itself; but as I have not got the terms of the agreement in my head I shall be obliged if the Honourable Member will put down that question.

**Mr. K. C. Roy:** May I ask if it is not a fact that Government will have only one director in the whole company, that is, the Director of Wireless? Is not that a fact?

**The Honourable Sir Bhupendra Nath Mitra:** That probably is the fact, Sir; but I cannot at present give the Honourable Member any definite information on the point.

**Mr. K. C. Roy:** May I ask, Sir, whether the Radio Company will broadcast the speeches made in this House?

**The Honourable Sir Bhupendra Nath Mitra:** I dare say, Sir, they will try to do it in due course. (Laughter).

#### THE COORG LABOUR ACT, 1926.

721. **\*Mr. N. M. Joshi:** (a) Is it a fact that the Government of India have recently sanctioned the enactment of legislation on the lines of the Workmen's Breach of Contract Act in the province of Coorg?

(b) Is it a fact that one of the main reasons given for passing such legislation was the existence on the Statute-book of the "Madras Planters' Labour Act", which operates in parts adjoining Coorg?

(c) Is it a fact that the Committee appointed by the Government of Madras to consider the question of the repeal of the Madras Planters' Labour Act have recommended that this Act be repealed only when the Coorg legislation ceases to exist?

(d) Will the Government be pleased to state what steps they propose to take to break this vicious circle?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The Honourable Member presumably refers to the Coorg Labour Act, 1926. The introduction of the Bill enacted as that Act received the sanction of the Governor-General and not of the Government of India.

(b) This was one of the reasons, but not the main reason.

(c) So far as the Government of India are aware, the answer is in the negative. I understand that a Bill is to be introduced in the Madras Legislative Council repealing the Madras Planters' Labour Act with effect from 1st April, 1930. The Coorg Act will cease to have effect from 1st April, 1931.

(d) I cannot see that there is any vicious circle to be broken.

#### ESTABLISHMENT OF A PROVIDENT FUND FOR GOVERNMENT EMPLOYEES.

722. **\*Mr. N. M. Joshi:** Will the Government be pleased to make a statement as to the stage at which the consideration of the question of the establishment of a Provident Fund for all Government employees now stands?

**The Honourable Sir Basil Blackett:** I would refer the Honourable Member to the reply which I gave on the 3rd February to Mr. Duraiswami Aiyangar's starred question No. 91. I am unable to make any further statement at this stage.

**REVISION OF THE LEAVE AND PENSION RULES OF INFERIOR SERVANTS  
EMPLOYED UNDER THE CENTRAL GOVERNMENT.**

723. **\*Mr. N. M. Joshi:** Will the Government be pleased to state if they propose to undertake at an early date an inquiry as to the desirability and practicability of revising the rules regarding leave and pensions in the case of 'the inferior servants'? If not, why not?

**The Honourable Sir Basil Blackett:** Local Governments of Governors' Provinces have now full powers to make rules regulating the leave and pension of inferior servants under their control and it is therefore for these Governments alone to decide whether any change should be made in the existing rules. The question of revising the leave and pensions rules of inferior servants under the Central Government is under consideration.

**EMPLOYMENT OF THE INDIAN ARMY OUTSIDE INDIA.**

724. **\*Diwan Chaman Lall:** (a) Will Government state whether the following Resolution was passed by the Legislative Assembly in 1921:

"The Army in India should not as a rule be employed for service outside India's external frontiers, except for purely defensive purposes, or with the previous consent of the Governor-General in Council in very grave emergencies; provided that this should not preclude the appointment on garrison duty overseas of Indian troops at the expense of His Majesty's Government, with the consent of the Government of India?"

(b) Will Government state whether Sir Godfrey Fell accepted this Resolution on behalf of the Government?

(c) Will Government state whether the defence of Shanghai is considered by the military authorities to mean the defence of India?

(d) Will Government state whether service in the Shanghai Defence Force is reckoned by the military authorities as garrison duty in terms of the above Resolution?

**Mr. G. M. Young:** (a) The Honourable Member has quoted the terms of the Resolution correctly except that the words "appointment on garrison duty" should be "employment on garrison duties".

(b) Yes.

(c) The Honourable Member seems to me, Sir, to be inviting an expression of opinion; but I think it would be safe to say that the words "defence of Shanghai" mean "defence of Shanghai" and not "defence of India". The Resolution, however, makes no mention of the defence of India but speaks of purely defensive purposes, and it is clear from the speech of the Mover as well as from the discussion, that the words did not mean "defence of India", but "purely defensive" as opposed to "aggressive" purposes. As has repeatedly been stated, the purpose for which troops have been despatched to Shanghai is purely defensive.

(d) Service in the Shanghai Defence Force might be described as garrison duty, but the term was interpreted in the discussion as meaning continuous garrison duties, and therefore this part of the Resolution can hardly be said to apply.



## SHORT NOTICE QUESTIONS AND ANSWERS.

### ARRANGEMENTS FOR THE FAMILIES OF BRITISH REGIMENTS SENT TO CHINA.

**Colonel J. D. Crawford:** Will the Government please state what arrangements are being made for the married families of British regiments which have been sent from India to China?

**Mr. G. M. Young:** The Government are in communication with His Majesty's Government on the subject. As soon as a decision is reached, I will inform my Honourable friend.

**Colonel J. D. Crawford:** A supplementary question, Sir. Have the Government taken any steps to explain to the Home authorities the difficult and distressing position of the women and children in India when they are deprived of the protection of their menfolk?

**Mr. G. M. Young:** The answer is in the affirmative.

**Colonel J. D. Crawford:** Will the Government be pleased to take further steps to press the Home authorities to have the married families of these men taken to England?

**Mr. G. M. Young:** We are still in communication with His Majesty's Government. I cannot say more than that now.

**Colonel J. D. Crawford:** Will the Honourable Member undertake to have these questions communicated to the Home authorities?

**Mr. G. M. Young:** Yes, Sir.

### RIOT IN THE DISTRICT OF BACKERGUNJ IN BENGAL.

**Mr. K. Ahmed:** Sir, I beg to put a question of which I gave private notice to the Honourable the Home Member:

1. Is the attention of the Government being drawn to a Press statement about a riot in the District of Backergunj in Bengal? Will the Government be pleased to make a full statement in the matter?

2. Do Government propose to take immediate steps to prevent a recurrence of similar unfortunate events in the country?

3. If so, will they be pleased to state their intention?

**The Honourable Sir Alexander Muddiman:** The answer to the first part of the question is in the affirmative.

The Government of India have so far received only a brief telegram reporting the barest outline of the facts. From this telegram it would appear that the trouble originated in the question of music by Hindus before a mosque at a place called Kulkamhi, that a large mob of Muhammadans opposed this violently and that the District Magistrate was forced to order the Frontier Rifles to open fire. The casualties reported, I regret to say, number 12 killed and 7 wounded. The Bengal Government have promised further details as soon as they are received.

With regard to the second part of the question, the Government of India must await the detailed report from the Local Government together with the comments of that Government before they can form a judgment as to whether, and if so what, action on their part is necessary or desirable.

**Mr. K. Ahmed:** Are the Government aware, Sir, that in the press communiqué, dated Barisal, the 2nd of March, 1927, and published in the *Hindustan Times* of Delhi, that a later message says that before fire was ordered, 20 Muhammadans are reported to have been killed and about 40 wounded and that dead bodies were being brought to the police lines?

**The Honourable Sir Alexander Muddiman:** I have read the further statements in the Press as to additional casualties, but I have no official information about that.

**Nawab Sir Sahibzada Abdul Qaiyum:** Will Government please see that the information supplied by the Associated Press in all cases of communal riots is accurate and unbiassed, because it is the first information that creates an impression on the mind of the public and prejudices the case one way or the other?

**The Honourable Sir Alexander Muddiman:** The Government very greatly desire that all communications in the Press should be accurate and judicially minded.

**Mr. K. Ahmed:** In view of the fact that the question of music before mosques has engaged the attention of the Government of India and the country particularly since the 2nd of April, 1926, do Government propose, for the benefit of the country, to take immediate steps to put an end to this matter so that the people of India may live in peace and tranquillity?

**The Honourable Sir Alexander Muddiman:** I should very greatly desire, Sir, that these unfortunate incidents should be terminated, and, if the Honourable Member can indicate any manner in which they could be terminated, I will certainly consider it. I suggest, however, that the matter is not one for laughter.

**Mr. K. Ahmed:** Sir, I gave notice of a Resolution which read thus:

"This Council recommends to the Governor General in Council that he may be pleased to take immediate steps to bring about a solution of the question of music before mosques for the benefit of India",

and, Sir, after it was allowed by the President, it was disallowed by His Excellency the Viceroy, Lord Reading, under the instructions from the Home Department, and Sir . . .

**Mr. President:** One by one, please.

**Mr. K. Ahmed:** Is it not a fact, Sir?

**The Honourable Sir Alexander Muddiman:** I really do not know what the Honourable Member is asking as to what is a fact or not. But I again repeat that this very serious communal trouble is not a matter for laughter.

**Mr. K. Ahmed:** Is it not a fact, Sir, that my Resolution was allowed by you, Mr. President, and that His Excellency the Viceroy disallowed it in January, 1926, under Standing Order 22, clause 2? Is it not a fact, Sir?

**The Honourable Sir Alexander Muddiman:** I would suggest to the Honourable Member to put down his question. I do not carry the matter in my recollection.

**Mr. K. C. Neogy:** Do I take it, Sir, that Government, by agreeing to answer these questions at such great length, have agreed to the creation

of a convention under which it will be permissible for us to bring up questions here which hitherto were objected to on the ground that they related to provincial subjects?

**Mr. President:** Questions are allowed by the President, and the Government have nothing to do with it.

**Nawab Sir Sahibzada Abdul Qaiyum:** May I ask, Sir, if the attention of Government has been drawn to a speech recently made by Dr. Moonje at Gujranwala in which he said that if the Mussulmans objected to music before mosque, they should remove their mosques from the road-sides. Do Government contemplate taking any action in the matter of the removal of mosques from the main roads?

**The Honourable Sir Alexander Muddiman:** I suggest, Sir, possibly that question does not arise. But I can assure my Honourable friend that Government, neither in the past nor in the future, are likely to take any action in the manner suggested.

**Mr. K. Ahmed:** In view of the fact that the Government of India have been sitting over this matter for more than a year now, do they propose to take any steps to put an end to this matter in order to restore peace and tranquillity in the country?

**Mr. President:** That question has been answered.

I understand that there are short notice questions by Haji Chaudhury Mohammad Ismail Khan on the same subject. Perhaps the Honourable Member will not now put those questions in view of the fact that similar questions have just been answered?

**Haji Chaudhury Mohammad Ismail Khan:** I have got a telegram from my own district, and it reads thus . . . . .

**Mr. President:** Does the Honourable Member desire to put the short notice questions that stand in his name?

**Haji Chaudhury Mohammad Ismail Khan:** Yes, Sir.

**Mr. President:** Will the Honourable Member read his questions?

**Haji Chaudhury Mohammad Ismail Khan:** 1. Has the attention of Government been drawn to the I. N. A. telegram regarding the death of 20 Muhammadans and wounding of 40 as a result of firing at Backergunj?

2. Will the Government be pleased to make a statement as to the real facts of the rioting at Backergunj?

3. Will the Government be pleased to enquire as to the preventive measures taken for the prevention of the rioting?

4. Did the authorities concerned have any idea of any impending rioting on the Shivaratri day and, if so, what steps did they take to prevent such riots?

**The Honourable Sir Alexander Muddiman:** Sir, I have answered the greater part of these questions. There is the one point in 3 and 4 of the question which wants answering. I have given the House all the information I had, and it is quite evident that the authorities must have had some warning as the District Magistrate and the armed police were present on the spot.

**Mr. K. Ahmed:** What was the real fact of the riot, Sir? The question refers to that, and that is not answered.

**The Honourable Sir Alexander Muddiman:** I have already answered that, Sir.

**Raja Ghazanfar Ali Khan:** Will the Government be pleased to state whether any of the policemen present on the spot were molested by the Muhammadans?

**The Honourable Sir Alexander Muddiman:** I have already given the House all the information in my possession and I have no further information to offer.

**Raja Ghazanfar Ali Khan:** May I know whether the Government received information as to how many Muhammadans were killed and injured? If any of the police present were injured, the Government must have been informed of it.

**The Honourable Sir Alexander Muddiman:** The Honourable Member has no right to assume that I have any information about that when I have distinctly told him that I have not. I have given the House all the information I possess.

**Mr. B. Das:** Was it not a fact that this mosque before which the riot took place was built only very recently and the Local Government anticipated this riot beforehand?

**The Honourable Sir Alexander Muddiman:** I am not in a position to say, Sir, and I would suggest to the Members of this House that they should suspend judgment in this matter. They are merely drifting into a very irregular debate without the facts.

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#### UNSTARRED QUESTIONS AND ANSWERS.

##### PERMANENT EMPLOYMENT OF THE AUDIT AND ACCOUNTS STAFF OF THE GREAT INDIAN PENINSULA RAILWAY.

171. **Mr. N. M. Joshi:** (a) Is it a fact that when the Great Indian Peninsula Railway was taken over by Government in July, 1925, unlike the other departments of the railway, the services of the Audit and Accounts staff were not permanently transferred to the Government, but the staff were allowed to continue their term for a period of six months within which Government promised to settle up the administrative problems with a view to offer permanent employment to the staff after the expiry of the term?

(b) Is it a fact that after the expiry of six months, instead of offering permanency to the staff, Government gave another extension of six months?

(c) Is it a fact that the staff during the period of the second extension requested the Head of the Department to remove their anxiety about permanent employment?

(d) Is it a fact that Government did not consider the request of the staff and gave yet another extension of nine months?

(e) Will Government be pleased to state why they were not able to offer permanent employment to the staff even after one full year though they had promised to do so after the expiry of the first extension?

(f) Do Government now propose to offer permanent employment to the staff after the expiry of the present term of extension.

**The Honourable Sir Basil Blackett:** The information is being collected and will be communicated to the Honourable Member in due course.

#### DIRECTOR OF CONTRACTS.

172. **Mr. Mukhtar Singh:** Will Government be pleased to state since when the post of "Director of Contracts" has been created in the Military Department?

**Mr. G. M. Young:** The appointment of "Director of Contracts" was created on the 1st April, 1924, by the transfer of the appointment of "Controller of Contracts" which existed under the previous organisation at Army Headquarters. The latter appointment was created in 1918.

#### PURCHASE OF STORES BY THE DIRECTOR OF CONTRACTS.

173. **Mr. Mukhtar Singh:** Will the Government be pleased to state the method of purchases made for the military units or for the department in vogue before the creation of the post of the Director of Contracts? Will Government be further pleased to state the method now adopted and give in detail the points of difference in the two methods?

**Mr. G. M. Young:** The method of purchase in vogue before the creation of the post of Controller (now called Director) of Contracts was that the various departments and services purchased their requirements themselves by means of contracts or other arrangements. Under the present system, the Director of Contracts arranges for the bulk purchase of stores and supplies of an important nature under the following groups:

- (a) Food grains.
- (b) Wheat products (flour, atta, bran).
- (c) Coal and Coke.
- (d) Petrol, mineral oil, lubricants, and paints.
- (e) Miscellaneous stores—including Ordnance and Factory requirements.

The advantages of this system are that it ensures the use of the best markets to the best advantage of the State and the fostering of indigenous industries from an all-India point of view.

#### RATES AT WHICH DIFFERENT ARTICLES ARE SUPPLIED TO INDIAN AND EUROPEAN SOLDIERS AND OFFICERS.

174. **Mr. Mukhtar Singh:** Will Government be pleased to place on the table the copy of the rates at which the different articles are supplied to the Indian and European soldiers and officers serving in the Military Department?

**Mr. G. M. Young:** I will furnish the Honourable Member separately with a copy of the "Stock Book Rate List" for 1926-27.

## PROCEDURE ADOPTED FOR THE PURCHASE OF MILITARY STORES.

**175. Mr. Mukhtar Singh:** Will Government be pleased to state the procedure adopted in inviting tenders and accepting them for the purchases of articles for the Military Department?

**Mr. G. M. Young:** I invite the attention of the Honourable Member to the reply given on the 22nd September, 1924, to starred question No. 2810. The procedure indicated therein has since been modified, as a tentative measure, to this extent that tenders for the purchase of stores the estimated cost of which exceeds Rs. 5,000 are now ordinarily advertised, unless circumstances render advertising either impracticable or undesirable. This is the general principle followed by the Indian Stores Department.

## LOCATION OF MILITARY SUPPLY DEPÔTS.

**176. Mr. Mukhtar Singh:** Will Government be pleased to state the central depôts of rations wherefrom the articles of rations for the military are distributed?

**Mr. G. M. Young:** A list showing the various stations at which supply depôts are located will be furnished separately to the Honourable Member.

## MOTION FOR ADJOURNMENT.

**Mr. President:** I have received notice of a Motion for Adjournment on the subject of the riot just referred to from Haji Chaudhury Mohammad Ismail Khan. I do not know whether in view of the information already supplied by Government and in view further of the fact that there is not sufficient material before this House to raise a debate on the question with any advantage, the Honourable Member wishes to press his motion at this stage.

**Haji Chaudhury Mohammad Ismail Khan:** No, Sir, I would like, with your permission, to wait for another day till I get the information from Barisal in fuller detail and till the Government of Bengal also send full details to the Home Department. I should then like to move my motion.

**Mr. President:** I would advise the Honourable Member in the meantime to suggest to his friends in the Bengal Legislative Council to take up the matter there.

**Mr. K. Ahmed:** Sir, in view of the fact that it has become an all-India question . . . .

**Mr. President:** The Chair has given no ruling on the point of order to-day, because the Honourable Member does not wish to press his motion.

## PETITIONS RELATING TO THE CURRENCY BILL.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, with reference to a Bill entitled a Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council

certain obligations with regard to the purchase of gold and the sale of gold exchange, Bill No. I of 1927, I beg to present the following applications:—218 petitions from Ahmedabad from 2,743 persons; 33 petitions from Kaira from 1,007 persons; 11 petitions from Broach from 370 persons; 22 petitions from Surat from 370 persons; 4 petitions from Tuticorin from 15 persons; 22 petitions from Shikarpur (Sind) from 63 persons; 34 petitions from Karachi from 56 persons; 5 petitions from Delhi from 25 persons; 15 petitions from Calcutta from 68 persons; 5 petitions from Jullundur (Punjab) from 5 persons; 100 petitions from Bombay from 745 persons; 42 petitions from Agra from 148 persons; 10 petitions from Rawalpindi from 42 persons; 30 petitions from Madras from 30 persons; 5 petitions from Akola from 51 persons; 12 petitions from Panch Mahals from 181 persons. Total 568 petitions from 6,065 persons.

**Mr. President:** All these petitions will be considered by the Petitions Committee this evening when it meets.

**Sir Purshotamdas Thakurdas:** Thank you, Sir.

#### GENERAL DISCUSSION OF THE BUDGET—PART II—*contd.*

**Mr. President:** The House will now resume the General Discussion of the Budget (General).

The time limit for to-day's speeches will be the same, namely, twenty minutes for each speaker.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, once again our Finance Member has been fortunate in being able to put before this House an estimated surplus, and once more he has been able to confirm that his forecasts of the previous year have turned out on the right side. I expected that he would have, as he has had, assailants who would claim that a realised surplus necessarily implies over-budgeting and over-estimating. I am not one of those, Sir, because, having been trained as a business man, I was taught to err, if err I must, on the safe side, and I think no one can reasonably complain that there is any error worth mentioning in a budget which estimated for a surplus of  $1\frac{1}{2}$  per cent. on the expenditure out of the central revenues and actually turned out a surplus of  $2\frac{1}{2}$  per cent.

Sir, I think this House owes a very great debt of gratitude to Sir Basil Blackett for the work he has done for this country. From the very first, he has made it absolutely plain that one of the goals of his ambition was to abolish the provincial contributions and in doing so, Sir, this year, (though one year still remains in doubt) he has taken a risk and I wish him every luck with the risk he has taken, I congratulate him upon it and I hope that his hopes will be fully justified.

Sir, the question of retrospect and forecast is always a matter of considerable interest. The year past has not been a good one for the railways, for the coal trade, for Bombay cotton, for shipping, nor any form of transport that I can think of. Until there is some improvement in the Bombay cotton industry it will be idle to look for any great improvement in other industries in Bombay, as confidence there in the main depends upon the principal industry, which is cotton. True, I believe, there have lately been signs of some improvement, and we must all hope that they will be more than realised at a very early date.

[Sir Walter Willson.]

Sir Basil Blackett has been able to point to certain beneficial reductions which he has been able to make in such things as the motor car duty, but out of the surpluses realised in the last four years, I want to direct his attention to the fact that the only commercial interests that he has been able to benefit in that time are the cotton industry of Bombay, in the abolition of the excise duty, the reduction of the excise duty on motor spirit, the reduction of the salt duty to  $1/4$ ; and now hides are to get an exemption, also motor cars and tyres a reduction, in addition, of course, to the abolition of stamp duties on demand bills of exchange. Sir, we have always pressed for the reduction of the duty on motor cars and tyres but we have never been heard to say that we did it on any other grounds than commercial grounds. It was not with a view to protecting the interests of the rich man, as really a difference of 10 per cent. on the import duty on his motor car is not a very serious matter either way. But we have pressed for this reduction because we believe with Sir Basil Blackett that any tax upon transport is a bad tax and that the development of the country requires that transport should be encouraged in every possible direction. We believe that improvement in motor transport will enormously add to the earnings of the railways and to the marketing of the poor man's produce. Those who, like myself, may have travelled round India very extensively by motor car within the last six months could not have failed to notice with the greatest possible satisfaction the enormous number of motor buses plying over very long distances carrying the poor man and his luggage.

Sir, we have naturally been looking for relief in respect of some other taxes and duties which fall very heavily upon trade. I refer in the first place to the double super-tax upon companies which is levied merely because they happen to trade in company form. No portion of the tax paid by companies is allowed to be set off when the individual himself fills in and submits his return for super-tax, which was always intended to be an individual tax. If this one concession were allowed, it would go a considerable distance towards removing the great objections I have always urged and will continue to urge in regard to this tax. After all, Sir, we are only asking for the removal of a tax which was put on as part of the aftermath of the War, in order to enable us to balance Budgets which urgently needed it. Now that they do balance, I do submit that this is a tax which should be taken off. I am perfectly well aware that the Taxation Enquiry Committee did not agree with me but I have dealt with that before, and I say that after all, when you do reach a surplus, it is surely just that undue taxes, double taxes, should be taken off before there should be any reduction of the ordinary taxes. If this tax is taken off, then I am quite sure that we should be all the more willing to vote grants for more of the beneficial services which Sir Basil Blackett has been able to find grants for and has indicated that he wants to continue to do in future. Look, Sir, at the long list of grants that were made last year. 6½ lakhs for Indian Research, 1 lakh for education in the North-West Frontier Province, a non-recurring grant of 1½ lakhs for a high school at Peshawar, Rs. 50,000 for the Victoria Hospital at Aimer, Rs. 50,000 for the Eye Hospital at Delhi, Rs. 4,00,000 to Universities and so on. I need not repeat them. The House knows them. And lastly a grant of Rs. 10,000 to the Delhi University, who, as far as I can make out, seem to have spent some of that money in fixing posters on the gate posts of the house in Raisina.



Sir, the next point I wish to take is sugar. The Finance Member referred to increased proceeds from sugar duties in previous years. He forgot to mention, or he did not want to mention, that these good figures were due to the fact that at the time when the price of sugar was falling, the Government changed from an *ad valorem* basis to a specific basis, about which I made a protest at the time on the ground that it was going back upon an understanding which had been in force with the sugar trade for many years. I do not at this moment wish to say that this has done the trade any harm. I do not believe that it has and I only refer to it in the hope that similar experiments may not be made again without reference to any trades with whom understandings have been in force for a number of years.

The mention of sugar, Sir, brings me to a loss of revenue and a loss of trade to the merchants of India which has been occasioned by the diversion of imports of sugar from the natural port of Bombay to the Kathiawar coast ports. The Finance Member's anticipation this year of some reduction in the imports of sugar will, I am afraid, be realised unless this matter receives his early attention. I understand that the history of the matter is that the Government in the year 1923 disallowed transshipments of sugar from Bombay to Kathiawar coast ports, but that towards the end of 1923, the transshipments were again allowed. In consequence of this, a trade has been built up at Jamnagar and Okha ports which have sufficiently deep water to enable ocean-going steamers to call there and considerable quantities of sugar are being landed at these two ports. I understand that there was an agreement between those States and the Government of India by which those States undertook to collect the same rate of duty as was levied in the ports of British India, but I have reason to fear that this agreement is being broken if not in letter at least in spirit. The information given to me is that in a certain State which perhaps it is more prudent not to mention, although the import duties are collected at the rates in force in British India, certain concessions are given in other directions which have the effect of diverting the trade and of nullifying, if not abrogating, the agreement to which I have referred. I am told that the port dues, railway freights and godown rents are not only much lower than in British ports but that financial facilities at very low rates of interest are afforded to the local merchants and I have stated what sort of effect this has upon the trade. I think perhaps it is a subject of some delicacy and I had better not go into it any further across the floor of the House. But I do ask that Government will make the closest possible inquiries into this and see that our trade is protected.

Sir, criticisms have been levelled, as I expected they would be, at the abolition of the export duty on hides. But, Sir, it is an economic proposition that an export duty is a bad tax and while I fully expected my friend from Madras to object to it, I can assure the House that though the Chambers of Commerce at Madras agree with my Honourable friend here . . . . .

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): And Sir Gordon Fraser.

**Sir Walter Willson:** I said, Sir, the Chambers of Commerce at Madras agree with my Honourable friend. So, I see no reason why he should

[Sir Walter Willson.]

interrupt me. And he is supported by the Chamber at Cocanada and at my friend Mr. Chetty's Coimbatore. The only other major Chamber of Commerce in India that opposes the withdrawal of the duty on hides is the Chamber at Cawnpore. All the remaining Chambers of Commerce welcome the abolition of the export duty on hides.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Excluding the Indian Merchants' Chamber, Bombay, who oppose it very strongly.

**Sir Walter Willson:** Sir, I hope that the removal of the export duty on skins will follow in due course. The Finance Member indicates, as I read the budget speech, that financial considerations have prevented him from doing this this year.

The next duty to which I wish to refer is the abolition of the export duty on tea. When the Honourable Member was making his speech I said, "Hear, hear," lustily when I heard of the abolition of the export duty on tea, but I was inclined afterwards to think that I might have said that at the wrong place and applauded a little before my time. I do really welcome and heartily approve of the abolition of export duty on tea. At the same time, I am bound to say that I do not relish the idea that for the removal of a tax, which is admittedly obnoxious in principle, the cost of it should fall upon the interests who paid it before it was removed. It seems to me that it is rather a case of taking back with one hand what you give with the other. But as a Resolution is to be moved in this House at a later date to give effect to these proposals I need say no more upon them at the present time.

The next matter that I wish to urge upon the Finance Member is my regret that the Budget presents no feature for the Setting off of Business Losses. This has been urged throughout the whole country for many years and I believe that there is no Chamber—even the Indian Chamber at Bombay—that is not entirely at one with me in pressing for the right of setting off the business losses of one year against the profits of another. The State shares in the profits and prosperity of all businesses. It is a sort of sleeping partner and it is only right that it should, if it never has to pay a share of the losses, at least allow them to be set off against the profits of a good year.

The Budget has generally been welcomed by commercial opinion all over the country. Naturally, the provincial contributions had to have first knock at the surplus, but now that the provincial contributions are past, I hope for ever, we shall look forward to an early removal of some of the defects to which I have referred.

I would like to conclude with a few words in connection with the Military Budget. Commercial opinion is constant on this one point, that the maintenance of an efficient army is absolutely essential to every interest in India. Commercial bodies are willing to pay their share of the taxation in order to maintain the army in a first rate condition. But we do require that the closest possible supervision shall be exercised upon the expenditure. In plain language, it is this, that whilst we are prepared to pay any reasonable bill and regard it in the form of an insurance premium, and excellent value at that, we are not prepared to give the army,

the Commander-in-Chief, a blank cheque to spend in any manner that he may approve. With these words I again congratulate the Honourable Sir Basil Blackett upon the excellent Budget that he has been able to put before us.

**Mr. P. B. Haigh** (Bombay: Nominated Official): Mr. President, it is with great diffidence and indeed not a little trepidation that I venture to rise to make my first speech in this House. After listening to the wealth of imagery and the variety of literary allusion that poured from the Benches immediately opposite to me yesterday, I feel painfully conscious of the poverty of my own language, and therefore, Sir, I venture to try and derive a little inspiration from the perusal of a play of Shakespeare. I refer to Julius Caesar. It seems to me that the Honourable the Finance Member, if he will allow me to say so, is this morning somewhat in the position of Caesar's corpse. He is stretched on the bier, and the Honourable Members opposite come to bury Caesar and certainly not to praise him. Well, Sir, I too come humbly to speak at Caesar's funeral. I am no orator as my Honourable friend Mr. Gaya Prasad Singh is; I only come to speak what I do know. I was one of those who had the privilege of being in the House when the Honourable the Finance Member introduced his first Budget 5 years ago, and naturally it is a matter of interest to one emerging from the Cimmerian darkness of the provinces to see how he has prospered. To go back to Shakespeare, I think we may safely say that the Finance Member has been our friend, faithful and just to us. But Sir Hari Singh Gour says he is extravagant and Sir Hari Singh Gour is an Honourable Member. The Noble Jamnadas has told us that Sir Basil Blackett is but plausible. Well, Sir, is this really true after all? The Finance Member has brought five Budgets home to Delhi whose surpluses have the general coffers filled. Is this all plausibility? When the poor provinces have cried, the Honourable the Finance Member has wept. He has wept on this occasion solid tears for which I think we ought to be duly grateful. Mr. Jamnadas says he is but plausible, and Mr. Jamnadas is an Honourable Member. (*Some Honourable Members*; "Louder please.")

Sir, I cannot really think that the Honourable Members who have attacked the Honourable the Finance Member quite indiscriminately can really be speaking seriously. He has been accused of such a variety of sins—of which I have noted a few. He has been accused of collecting windfalls by deliberately underestimating. Mr. Jamnadas has accused him of constantly overestimating a constantly diminishing revenue. He has been accused of wasting the country's resources by crores of rupees and at the same time of extravagantly providing for the redemption of our debt. Well, Sir, if we can draw a parallel between public and private finances, I for one would be very glad if I could be wasting my resources and at the same time providing for a redemption of my debts. The Honourable the Finance Member has so many solid achievements to his credit in the last few years that we cannot take these exaggerations really seriously. He has reduced the salt tax. He has reduced the large Military Budget. He has abolished the cotton excise duty. He has raised our credit which is hardly an indication that the world at large thinks that our resources are being shattered; and finally he has, I hope for ever, abolished the provincial contributions.

[Mr. P. B. Haigh.]

Well, Sir, these provincial contributions, as the House well knows, were formerly a subject for mutual recrimination among the representatives of the different provinces. When they came up that was the time when the nominated official representatives from the provinces really had their field day. The whole resources of zoology were exhausted by Honourable Members in describing each other and their provinces. We had references to milch cows, we had reference to toads and harrows, sponges and octopuses and I know not what. (*An Honourable Member: "Nightmare."*) Four years ago it was my privilege to engage in a passage of arms with an Honourable Member from Madras who occupied the seat which is now occupied by my Honourable friend, Sir George Paddison. But, unfortunately, I committed the indiscretion on that occasion of speaking first, and Mr. Moir who followed me was able by what I can only regard as a most unjustifiable misinterpretation of my remarks to achieve possibly a verbal victory and I have been looking forward for the last four years to get a bit of my own back. I am afraid the time has gone. To-day these recriminations are at an end. The tiger of Bengal to-day is lying down beside the milch cow of Madras and the shorn lamb of Bombay; the rhinoceros of Assam recently invented by the architect of this building swells the chorus of praise: and the magician responsible for this unusual harmony is the Honourable the Finance Member.

Speaking for my own province, I must say with great sincerity that we must be grateful for the arrangements which the Honourable the Finance Member has been able to make in this year's Budget to abolish our contribution: and in addition Bombay must be grateful for the gift of 28 lakhs of rupees to take effect in the present year. We must remember that the Honourable the Finance Member has recognised the special difficulties of Bombay at this moment and has treated us with consideration and we take it as an earnest of his good will and an indication not only of his beneficence for the present but of his good intentions for the future. Because, Sir, no provincial representative from Bombay can ever make a speech about the Budget without some reference to the Meston Settlement and I confess, Sir, that there is one passage in the Finance Member's speech which made me feel a little uneasy. It is in paragraph 87 of the speech:

"Once the provincial contributions have been extinguished, we shall find ourselves in a freer atmosphere in which we can consider the question of taxation entirely or almost entirely from the standpoint of the Central Administration."

I hope, Sir, that that was an error and that when the provincial contributions have been finally abolished the Finance Member will consider the question of taxation not merely from the standpoint of the Central Administration but from that of the interests of the country as a whole and of the individual provinces that form the country. I am encouraged to believe that his intentions are better than those that are expressed in the passage I have just read. I have here, Sir, his speech made on the 19th August, 1926, in which he dealt at length with the question of taxation. The speech is a long one and I will not weary the House by reading it *in extenso* but there are just two passages which I should like to quote and

I do so because I wish to impress them again on the mind of the Finance Member for fear he should be tempted to forget them. He said:

"If we are to approach the question of improving the Meston Settlement with any reasonable hope of success, we must begin with the proposition that the Meston Settlement is the only possible starting point and our object is to amend it and not to replace it."

We are thankful for the prospect even of its amendment and later on there is another passage which gives even more hope to Bombay and the industrial provinces generally.

"There can be no question of the Central Government's surrendering the taxation of income to the Provinces altogether and the Central Government must retain the monopoly of the right to impose income taxes. But there are strong arguments for giving the Provinces a share of the proceeds."

Well, Sir, I do not wish to labour this point. It is ungenerous to look a gift horse in the mouth and I do not wish, like Oliver Twist, to be always asking for more. But I hope that the Honourable the Finance Member will not forget that as long as the Meston Settlement remains unrevised the question of Bombay finances can never be considered as really settled.

Sir, before the Honourable the Finance Member turned his steps to the Treasury and finance, he was a classical scholar; and he is still a classical scholar. Unlike his colleague on the Front Bench, he cannot be accused of having deserted his first love. May I remind them—I ask the House to pardon me if they are not familiar with it, but I wish to impress it on the mind of the Finance Member—may I remind him of the exploits of an unpleasant individual, a noted bandit, who figured in the neighbourhood of Athens—I do not know how many years ago B. C. and who rejoiced in the name of Procrustes. This amiable gentleman was provided with a number of boxes and when he captured an unfortunate traveller he put him in a box and if he did not fit the box he lopped off his limbs and put him into it. That is exactly what the Meston Committee have done to the unfortunate provinces. They came out with a cut and dried scheme—their beautiful boxes—and they made the provinces go in. They took Bombay. They lopped off its income-tax and pushed it in. Then they found that Bombay was too short and they took its two remaining limbs, the land revenue and the excise revenue, and with cruel ingenuity they elongated them in their imagination until they fitted the scheme and pulled them out to a length which they did not really possess and then said, "You now fit our scheme". Sir, Procrustes came to a bad end. I hope that the Honourable the Finance Member will play the part of Theseus and tumble this new Procrustes one day over the Skyro-nian rocks. May I borrow the phrase of one of my Honourable friends opposite—I fear he is not here to-day—and say that we hope that the abolition of the provincial contributions is the thin end of a wedge against which the Honourable the Finance Member will not set his face. Or shall I borrow another metaphor from another Honourable Member and say, the Meston Settlement, like the provincial contributions, is a millstone round our necks. Having abolished the upper millstone of provincial contributions, will he now turn to abolish the nether millstone of the Meston Settlement—this millstone which poisons our relations? (Laughter). I ask the Honourable Member to take away the nether millstone also and fling it into depths of the sea.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, if my Honourable friend the Chief Whip of the Government would permit me to do so, I would like to congratulate him on the very excellent speech which he has just now made. After listening to his wealth of imagery and poetry, I feel rather nervous to deviate into prose. I would begin the few remarks that I propose to make at this stage by saying a word about the customary form of presentation of the budget figures, a subject which has been referred to 12 Noon. in paragraph 12 of the speech of the Honourable the Finance Member. The only merit of the present system of presenting the budget figures lies in its long usage, for in every other respect, I am constrained to state, it is highly perplexing, if not grossly misleading. Honourable Members will realize the force of my remark if they turn to the Budget and revised figures for the year 1926-27. The budget estimate of revenue for 1926-27 is 180.43 crores of rupees, and the revised figures are 180.25 crores. The natural inference which any person who glances through the budget figures would draw is that there has been a slight fall of about 18 lakhs of rupees on the revenue side. But a reference to the budget speech of the Honourable the Finance Member would disclose that actually revenue has been better by about 2 crores of rupees. This form of presentation, I maintain, is very perplexing and misleading. The Honourable the Finance Member has pointed out the reason which brings about this strange result. The inclusion of the railway figures of revenue and expenditure in the General Budget is a feature which is responsible for this confusion and perplexity. On the revenue side we find the figure of 35 crores of rupees as net receipts from the railways, and on the expenditure side we find a corresponding item of over 30 crores of rupees. Now a variation in these huge figures, for which general finances cannot be held to be responsible, introduces an element of uncertainty and perplexity which I think ought to be removed; and I would suggest to the Honourable the Finance Member the advisability of altogether omitting these figures from future Budgets and giving to us only the net contribution which the railways are making to the general revenues. Looking over the Government of India Act, and the rules made thereunder, I cannot see that there is any statutory objection to the Finance Member following this course. According to the rules made under the Government of India Act, the Budget can be presented to this House in any form which the Finance Member deems proper, and I would suggest to him, Sir, that it would add considerably to the elucidation, not merely of the Railway Budget but of the General Budget as well, if these two are kept apart. We have always sung the praises of the effects that followed from the separation of railway from general finances, but unfortunately, in spite of the separation, the form of our General Budget has not in the least improved. In this connection I would like to suggest to the Honourable the Finance Member the advisability of opening up a Railway Loans Fund in the same way as he has started a Provincial Loans Fund. Sir, I welcome and appreciate the advantage resulting from the system of keeping a Provincial Loans Fund; and I put it to him whether it would not clarify our general financial position if, instead of showing the railway capital expenditure as a part of the general revenues and expenditure of the country, it would not be more advisable to debit that item to a separate fund which might be called the Railway Loans Fund. The interest which railways pay might be credited to that fund and all advances made by the Government of India might be debited to that fund. If this system is followed we might per-

haps in the not very distant future evolve a state of things in which the railway administration of our country might be able to borrow on the credit of this Railway Loans Fund itself. If that can be brought about it would be a very desirable state of affairs indeed.

The Honourable the Finance Member has been congratulated from the various quarters of the House on the four successive surplus budgets that he has presented to us. Sir, surplus like all good things in the world must be enjoyed in moderation, and whether a surplus in a budget is for the good of the country or to the detriment of the country depends upon the uses to which those surpluses are put. If the surpluses of the country are to be utilized either for giving relief to the general tax-payer or in spending upon the nation-building services, then no doubt surpluses would be a very welcome feature in the Budget. But if surpluses are simply to be realized surpluses going into that huge machine of the Honourable the Finance Member which is set apart for the reduction or avoidance of debt, then I for one cannot congratulate the Honourable Member on the surpluses that he has realized during the past four years. Let us for a moment review his surpluses for the last four years. In 1923-24 there was a realized surplus of 2.39 crores of rupees. But I should say that the actual surplus of that year was  $6\frac{1}{2}$  crores of rupees, because the Honourable the Finance Member in that year wrote off 3.41 crores of rupees which he was keeping in a suspense account. This money had been lent to the Persian Government and has been mercilessly written off the accounts of 1923-24. A further sum of 83 lakhs of rupees, which was the discount on the 1923 loan, was written off the accounts of 1923-24. In this connection may I ask the Honourable the Finance Member to tell this House whether any steps have been taken at all to recover the  $3\frac{1}{2}$  crores of rupees that we had lent to the Persian Government. In spite of the surplus of  $6\frac{1}{2}$  crores of rupees that the Budget of 1923-24 revealed, it was in that year that the Honourable the Finance Member advised His Excellency the Viceroy to certify the doubling of the salt tax.

**The Honourable Sir Basil Blackett** (Finance Member): On what does the Honourable Member base that statement—the advice I gave?

**Mr. R. K. Shanmukham Ochetty**: Well, Sir, if I am to understand that the Viceroy certified the doubling of the salt tax on his own responsibility I can certainly sympathise with the powerlessness of the Honourable the Finance Member. But I at any rate thought that he had a greater voice in managing the finances of the country than he is prepared to give himself credit for. In 1924-25 there was a budgeted surplus of  $18\frac{1}{2}$  lakhs and yet the realized surplus was 568.26 lakhs. In that year we expected that some relief might be given to the provinces, but no relief was forthcoming. In 1925-26 the budget surplus was 24.13 lakhs and the realized surplus was 331.18 lakhs, and yet the relief that was given to the provinces was only  $2\frac{1}{2}$  crores of rupees. In the Budget for 1926-27 the surplus was 5 lakhs and the realized surplus 310 lakhs. During the three years from 1923-24 therefore about  $11\frac{1}{2}$  crores of realized surplus have been applied to the reduction or avoidance of debt. I maintain, Sir, that taking away this huge sum from the revenues of the country and setting it apart for the reduction or avoidance of debt in addition to the permanent provision that is made for a sinking fund is a matter on which this House cannot congratulate the Finance Member. The huge realized surplus means one of two things: it means either that the Finance Member collected more taxes

[Mr. R. K. Shanmukham Chetty.]

than what was essential, or that he starved the nation-building services. Speaking on a previous occasion I drew the attention of the Finance Member to a passage in a very ancient Hindu treatise, "Arthasastra". The great author of that treatise, in discussing the duties and liabilities of a Finance Minister, observed that if the Finance Minister collected from the people more revenue than what was essential for the requirements of the King, he ought to be punished by having his nose cut off (Laughter), and I would ask my Honourable friend to realize what would have been the fate of his handsome face if he had lived in the days of Chanakya. Sir, reviewing the position of the Budget for the last three years, I find there is a grim humour in the opening words of Sir Basil Blackett where he says, "looking backwards brings little solace to a new Assembly". Certainly, looking backwards at these huge realized surpluses brings little solace even to an old Member of a new Assembly. In this connection my Honourable friend, Mr. Shankar Rau, thought it his duty to justify his position as a Budget Officer. I would not attempt to answer his arguments, because if I were to do so, I would be deviating from that healthy and well-recognized parliamentary practice that the permanent officials of the Government are beyond the criticism of the Legislature. Sir, we realize the devoted service of those men who sit behind the screens. When we criticize the Budget it is the Finance Member who is responsible for his policy to this House and not the devoted band of public servants of which my Honourable friend, Mr. Shankar Rau, is such a worthy representative. I would therefore leave it at that.

There is at least one point on which I might congratulate the Honourable the Finance Member, and that is the very skilful way in which he has managed his ways and means Budget. In 1926-27, with just a loan of Rs. 26 crores, he discharged a debt of 37 crores and financed the huge programme of that year. In 1927-28, with a loan of 27 crores, he proposes to discharge 18 crores of debt and finance the capital programme for the coming year. But I think in justice to this House he ought to have given us some indication of the various factors which enabled him to achieve this magnificent result. He might have told us that he had during the last three years a realized surplus of Rs. 12 crores, that he had in the sinking fund about Rs. 14 crores, that he had at his disposal the railway reserve fund and depreciation fund of Rs. 13 crores, and that he has reduced the cash balance to Rs. 20 crores. In this matter of the reduction of cash balances I should unreservedly congratulate the Honourable the Finance Member. Sir, it has always been the complaint of Indian financiers and politicians that the Government of India was keeping unduly large sums in their cash balances especially in England. In 1924-25 the cash balances were 31.73 crores in India, and 13.51 crores in England. In 1925-26 they were 25.14 crores in India and 15 crores in England. In 1926-27 they were 24.73 crores in India and 5.24 crores in England, and in 1927-28 the budget figures are 14.69 crores in India and 5 crores in England. This matter of the cash balances of the Government of India was brought to the notice of even the Chamberlain Commission, but the recommendations that they made could not be put into effect as a result of the abnormal circumstances that followed. As I have said, I must congratulate the Finance Member for having reduced the cash balances held in England from 15 crores to 5 crores. In this connection, I would draw the attention of my Honourable friend and this House to a statement of



Professor Keynes, a person who is not a very unsympathetic critic of the Government of India. He says:

"If the Government of India holds in London a penny more than is required for the stability of their financial system, they are certainly diverting resources from India, where they are greatly required, to the detriment of India's trade."

I do sincerely hope that the laudable step that the Honourable Member has taken in this direction will be maintained in future also.

Sir, my Honourable friend, Mr. Birla, and my Honourable friend, Sir Victor Sassoon, drew attention to the very interesting Memorandum about the ratio. I do not propose to anticipate the discussion that we are going to have very shortly. My Honourable friend, Mr. Birla, pointed out how by the manipulation of the currency and by the appreciating of the rupee the Finance Member has actually been spending from year to year more money and not less money. But the courtesy of a friend I have got figures in which the expenses of each of the years have been converted into gold according to the prevailing rate of exchange at the time. In 1924-25 the expenses in rupees of the Government of India were 129.91 crores. Turned into gold at the prevailing rate of exchange they were £78,824 millions. In 1926-27, the expenses of the Government of India were practically the same in rupees as they were in 1924-25, that is, about Rs. 130 crores, but converted into gold at the prevailing rate of exchange, these were £98,461 millions. The expenses have therefore been increased by £20 millions.

**The Honourable Sir Basil Blackett:** May I ask what is the rate of exchange taken for 1925-26 and 1926-27?

**Mr. R. K. Shanmukham Chetty:** For 1924-25 exchange has been taken at 1s. 2  $\frac{9}{16}$  d. gold, for 1925-26, 1s. 5  $\frac{17}{32}$  d., and for 1926-27, 1s. 6  $\frac{1}{8}$  d.

Well, if my figures are wrong (*Sir Purshotamdas Thakurdas*: "They are quite correct, they are taken from Government records.")—very well. The Honourable the Finance Member has therefore been spending more money, and he has been enabled to do that by an artificial appreciation of the currency; and this is the price that we are called upon to pay for the prospective Romance which the provinces will enjoy in coming years. Sir, though I am keenly alive to the undoubted relief to my province in the shape of the remission of provincial contributions, yet, speaking with a full sense of responsibility that attaches to me, I make bold to say on the floor of the House that, if the remission to my province is to be purchased at the cost of a permanent injury to our monetary system, I for one refuse to be a party to any such nefarious transaction. Sir, there might be people who are allured by the solid advantage of hard cash, but I decline to accept a parochial advantage of a suspicious kind bought at a sacrifice, the effects of which will be seriously felt in an agricultural province like Madras; and I have no doubt that the remission given under such conditions will injure alike him that giveth and him that taketh.

**Sir Purshotamdas Thakurdas:** Sir, I am glad that my Honourable friend Mr. Haigh, who is nominated by the Governor General in Council to this Assembly to represent the Government of Bombay, has in a happy speech so handsomely expressed the opinion of the Government of Bombay regarding the remission that is to fall to the lot of Bombay as

[Sir Purshotamdas Thakurdas.]

a result of this Budget. I am sure that Mr. Haigh has carried out his duty faithfully and truly. If my Honourable friend had only stopped there, I would not have to proceed further; but he thought it a part of his duty also to criticise some of my stalwart friends on this side of the House who tried to the best of their knowledge, information and ability to carry out their duty. He twitted my. . . .

**Mr. P. B. Haigh:** Sir, I do not quite follow. Does the Honourable Member accuse me of having accused Honourable Members on the opposite side of not having done their duty?

**Sir Purshotamdas Thakurdas:** Of having criticised them, Sir, I said, and I am sure my Honourable friend cannot say that he did not criticise them. Sir, the only difference between the two sides of the House is this. We on this side of the House owe allegiance to our constituencies and have been elected by them in order that we may carry out our duty to them. Members on the other side of the House, Sir, are nominated under a certain discipline and have to carry out their part of the duty. It has surprised many of us on this side as to why we should differ from so many Members on the other side whom we know in the lobby and elsewhere as honourable men. The difference, Sir, between the outlook of Members on this side of the House and on the other side of the House is due to our different mentalities. And whilst each side tries to carry out its duty, we content ourselves with the consolation that we know Mr. Haigh to be an Honourable nominated Member of this House.

My duty, Sir, to my country, my constituency and my countrymen compels me to criticise this Budget on a few points. I believe, and it is an irony of fate, that in the remissions of taxation which the Honourable the Finance Member has been able to put forward in the Budget, he does not please the persons likely to be favourably affected by such remission. It remains to be seen whether even the successor of Sir Basil Blackett will bless him after a year or two if the policy now intended is carried through. Sir, one of the remissions of taxation is removal of export duty on hides. This is to cost Government Rs. 9 lakhs this year. The Honourable Member, I am sure, has not forgotten that when the export duty on hides was decreased, the Indian commercial community, and particularly the Association in Madras interested in the hide export trade, protested against it. Government now, Sir, propose to complete the remission, and here at any rate, there is no question of gratitude for the remission of taxation. It is a question of very strong protest. As I propose to move an amendment to the Finance Bill against this, I leave this point at this stage now. The next important remission of taxation is the remission of export duty on tea. I do not know, Sir, whether my Honourable friend Mr. Chalmers, who represents that industry in this House, looks upon this as a concession or not; but it strikes me, Sir, that if it is a question of giving something up in order to gain something more, as a Member of this House I would not object to it, provided the Finance Member is able to convince the House that the income-tax which he proposes to increase on the tea industry is justifiable and will not mean injustice to the tea industry. Regarding, Sir, the decrease of import duty on motor cars, I am afraid I cannot agree with my Honourable friend Colonel Crawford, who sees so many good points about it. I myself stand directly to benefit by this decrease, as it is my intention, within the

next few months, to buy a motor car, but the question that this House has to consider is whether the remission which is intended to be given in this connection will really benefit the country. I know that the Finance Member said that he expected that this concession which is given by the Central Government may be used as a reason for taxation on motor cars by Provincial Governments, for the purpose of better upkeep of roads in the provinces. But is there any certainty of this? No such condition, I understand, is going to be put on. As many provinces complain of depression of trade and consequent deficits in their Budgets, it is possible that it may be devoted, Sir, to make up for some of the deficit budgets there.

Regarding provincial contributions, I do not, Sir, at all congratulate either the giver or the taker of this. I do not congratulate the taker because I believe that those contributions are being given as a result of a policy which has taken from each of the provinces and their agriculturists 10, 15 and 20 times more than what is now being offered to them. The policy, Sir, has been a policy which Mr. Gladstone called the argument and law of force. But as this matter is to come up early next week, I do not wish to elaborate further on it. What I say is that any province which runs away with the idea that it is being given a gift by the Government of India is labouring under a very sad and very wrong impression. The Government of India by their currency policy have taken from the agriculturists of India during the last two years crores upon crores of rupees and are now returning to them a paltry crore or even less for which I should not be surprised if those who understood the problem refused to show gratitude.

There is one more observation which I heard the other day from His Excellency the Commander-in-Chief. I do not wish, Sir, to spend any time to-day regarding what fell from His Excellency's lips. All that I will say is that it is very disappointing to me in particular that His Excellency feels or rather is convinced that the military expenditure cannot be put down below Rs. 54 crores and is likely to go up. What fell from my Honourable friend Colonel Crawford, namely, that he thought that the military services were being starved, is equally amazing to me. But I expect to be able to put forward my views on this question on Demands for Grants for the Military Department later, and I therefore do not propose to spend any more time on this here.

The Honourable the Finance Member, Sir, referred to the romance which lay behind the Rs. 5.45 crores—and he used the words—"in the hands of Ministers." May I ask him if he is going to stipulate that these Rs. 5.45 crores or a part of it will not go into the hands of the Reserved Departments. Obviously, he cannot stipulate that. I submit that in order to give a correct idea of the hands to which this money go, he might have made the description of same more accurate. I do not mind this money going to the Reserved Departments, because the Reserved Departments have to be fully satisfied before the Transferred Departments come in for anything and the more money there is, perhaps a little more may fall to the lot of the Transferred Departments. But to say that Rs. 5.45 crores will go to the Transferred Departments is to my mind a little wide of the mark. But, Sir, for these 5.45 crores, what is the price which the Finance Member has already taken and wishes to continue to take for what he says he is giving to the provinces now? Estimates have been put forward, and I am aware that the Finance

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Member has challenged them, that he has taken 40 crores per year out of the agriculturists owing to the  $12\frac{1}{2}$  per cent. reduction in their receipts on exports alone. I will only quote to him Sir David Barbour, who was Secretary in the Finance Department and later on an Honourable Member of the Viceroy's Executive Council, that just as much as the Government of India gain by the appreciation of the rupee, there is just so much loss to the people. For the next year the Government of India gain Rs. 5.27 crores or thereabout. If, on the authority of Sir David Barbour, it is agreed that Rs. 5.27 crores come out of the pockets of the country and the people, I ask the Finance Member to consider what tragedy lies behind Rs. 5.27 crores admitted loss to the grower. I can easily imagine what benefits accrue out of Rs. 68 lakhs in 5 years when 600 schools with 30,000 boys come to be. What misery lies behind Rs. 5.27 crores (not to mention the figure of Rs. 4.1 crores) which are to be pilfered from the pockets of the grower. What is the use of teaching children if their stomachs are hungry or semi-hungry? If there is romance behind the picture drawn by the Finance Member, there is romance behind the tragedy of those affected by the Finance Member's policy. It is not a matter for smiles and laughter, but it would be a matter for tears and disgrace to this side of the House if the policy is confirmed by the House.

In this manner, Sir, an invisible income has been created for the Finance Member. If we condone his policy it will mean, when there is a deficit again, say owing to military expenditure due to the Chinese campaign, or a Bolshevik bogey on the Frontier, or any other Imperial or local cause, the only thing to do will be to screw up the value of the rupee from 1s. 6d. to 1s. 7d. or 1s. 8d. and a large invisible gain will be secured. It will not be necessary to adopt the ordinary means of fresh taxation and it will still be possible to boast of a balanced budget. I wonder, Sir, if this House can possibly be a party to a policy like this. I am surprised at those who to-day come forward with their garlands and offer congratulations to the Finance Member. To my friends on the other side who restrict themselves to their bare duty I bow in all deference, but when they proceed further and venture to criticise us on this side of the House, us, who under difficulties are trying to carry out what we think is our sacred duty to our motherland and our poor illiterate countrymen—it is not a matter for smiles, but a matter for shame. I say that our people are being despoiled, and the Finance Member cannot possibly enjoy that. May I, Sir, ask in all seriousness, do my friends on the other side think what they would do if they were citizens of India, if this was their motherland, and if they were not restricted by the discipline of their nomination to which they owe their seats here? Let us, Sir, differ if we must because of the constitution under which we are working, but let us not have attacks from the other side which the Members there cannot as man to man feel that they are justified before their God in making.

**The Honourable Sir Basil Blackett:** Why not?

**Sir Purshotamdas Thakurdas:** Oh! I see. If the Finance Member says that he approves of those who sit behind him attacking us, even though in their own country those Members would take another attitude, I have nothing more to say. Then the question will be, are they honourable members or are they Honourable nominated Members?

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): You will suffer from headache.

**Sir Purshotamdas Thakurdas**: Sir, the main burden of the Budget presented to us and the main complaints in the various Budgets which I have read from the various provincial Councils has one outstanding feature, and that is depression of trade all over. The Finance Member either of Bengal or of Bombay or of Madras or Assam have all complained of deficits in their Budgets or less surplus of revenue. My Honourable friend over there, the Finance Member, picks up the latest news about it from the Stock Exchange of Bombay. I am glad that some things in Bombay at least are useful to him. I wish that he would always be able to fall back upon the Stock Exchange of Bombay in future, and that he will not change his likes and loves quite so easily and at times in a manner difficult for some to understand. But I have, Sir, here an equally up-to-date publication. I have the speech of the Right Honourable R. M'Kenna, Chairman of the London Joint City and Midland Bank Limited, a person who I dare say is closely known to the Honourable Finance Member. Speaking at the general meeting of that bank on the 28th January, 1927, the Right Honourable gentleman went into rather elaborate details of money and volume of trade, and whilst I have not the time to-day to put this in full before the House owing to the time limit, I propose next week to give this in full. I wish to bring out just this part where the Right Honourable gentleman makes out a difference between inflation and deflation. He refers to the inflation in America and says it is not inflation at all because in America the production in basic industries went up from 85 index number in 1922 to 120 in 1926, and the wholesale-price index number went up from 148 in November 1922 to 152 in November 1926, and he comes to the conclusion that the addition of currency in America during that period cannot be called inflation. I wish to ask the Finance Member how he justifies the deflation of currency in India to the extent of Rs. 30 crores during the last eleven months which he has made till now. What are the figures of production and of prices which justify him in having done what I consider to be one of the lasting injuries to Indian trade this year? If his reply is that no such statistics are available in India, I ask him whether he cannot rightly be charged with having done this deliberately in order to see his 1s. 6d. stand on its very weak legs and for what I call the purpose of prestige. Sir, I may read, with your permission, just about 10 lines from this. Mr. M'Kenna says:

"Now let me take another case, drawn from our own experience, in which without any actual restriction of credit the basic circumstances are such as to make our condition one of continuous deflation.

For close upon seven years we have had an army of unemployed in this country, never less than a million, at one time over two millions, and at present nearly a million and a half. Every year the normal growth of population adds roughly two hundred thousand to the number of our people capable of productive labour of one kind or another. In order fully to occupy our people an immediate increase of banking credit, that is of money, is indispensable for carrying the larger volume of commodities which the unemployed and the new recruits to labour will produce. To check the growth of credit when the population is steadily increasing and vast numbers of men and women are out of employment is obviously to cut off all hope of trade expansion unless prices are continuously lowered. But we all know what falling prices mean to trade in these conditions. They spell stagnation, from which the sole means of recovery is a reduction in wages. It may be true that with falling prices the reduction would be in nominal more than in real wages, but I think our experience

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has taught us sufficiently the difficulty of effecting any reduction at all, and that what actually ensues when the volume of money decreases is long-continued trade depression. Stationary or even insufficiently expanding money supplies, with a growing population struggling to find employment, represent in truth a condition of deflation."

This was the case, Sir, in England where there was no deflation at all last year as in India this year. Here from the 1st April 1926 up to date the Government of India deflated Rs. 30 crores of currency . . . . .

**Mr. President:** Order, order. I must ask the Honourable Member now to close his observations.

**Sir Purshotamdas Thakurdas:** I will close within a minute or two if I may have your permission. When I asked the Finance Member on the 16th February last a question about the total deflation of currency, he gave me figures for the contraction of the note issue. What is the good of trying to puzzle Members who cannot clearly follow it. . . . .

**The Honourable Sir Basil Blackett:** To try and enable them to follow.

**Sir Purshotamdas Thakurdas:** I see, in your way, as you want it; that has been the great point about you. (*Cries of "Order"*.)

**Mr. K. Ahmed:** Exactly the opposite; you wanted something.

**Sir Purshotamdas Thakurdas:** It is difficult for you to understand what I want, Mr. Ahmed. I ask the Honourable Member whether it is not a fact that the deflation of the currency in India this year has exceeded Rs. 30 crores, not contraction of the note issue, and what effect it will have in a country like India. Even with stationary monetary conditions the Right Honourable Mr. M'Kenna says it acts like deflation. What do you say about India? It has not been urged yet that the birthrate in India this year has decreased; or that there has been any pestilence or plague. I ask whether the Government of India cannot correctly, justifiably, be accused of having brought about virtually a crisis in commercial circles in order to carry through one of their points.

**Mr. K. Ahmed:** Not at all.

**Sir Purshotamdas Thakurdas:** I will only conclude with this. In paragraph 3 of his speech the Honourable Finance Member refers to the 7 per cent. money rate and his concluding sentence is:

"Even now, the stringency is less marked than in the winters of 1923-24 and 1924-25."

What was the condition in the winters of 1923-24 and 1924-25? I will read a few lines from a telegram from His Excellency the Viceroy to the Secretary of State, dated 8th October, 1924:

"It is now beginning to be realised generally that the stringency in the market is the direct outcome of Government action in contracting currency, or rather in placing strict limits on possibilities of expansion . . . We should have difficulty in refusing to provide more generously for additions to currency even if we wished to do so, and there is serious risk of a financial crisis if we keep the screw on too tight."

Does the Honourable the Finance Member wish conditions to get back to that, and if he does, is it not all for the purposes of the maintenance of his preconceived injurious ratio of 1s. 6d. to the rupee?

**Pandit Hirday Nath Kunzru** (Agra Division : Non-Muhammadan Rural) : While the economic and financial considerations that are involved in the Budget are undoubtedly of great importance, it seems to me that the speech of His Excellency the Commander-in-Chief, which has overshadowed the budget, requires prior consideration. In order to understand the seriousness of the remarks which His Excellency the Commander-in-Chief made yesterday, we must have some idea of the true extent of our resources in order to realise the burden placed on us by the military charges. According to the figures supplied by the Honourable the Finance Member, it appears that our revenue is equal to about Rs. 125½ crores. Now if the figures for the commercial services, that is, Railways, Irrigation, and Posts and Telegraphs, were taken net and the figures for Debt were also taken net, our resources would be decreased from Rs. 125½ crores to about Rs. 92 crores. The established military charges for the budget year amount to about Rs. 55½ crores. We thus get a percentage of about 60. That is the military charges amount to about 60 per cent. of our real resources.

His Excellency the Commander-in-Chief yesterday repeated in the main what he told this House last year. But his speech nevertheless adds appreciably to our uneasiness. It is true that Lord Rawlinson had never accepted the recommendation of the Inchcape Committee that the military expenditure should be reduced to 50 crores, and he explicitly stated in this House that, as soon as the resources of India permitted, he would ask for an increase in expenditure, including an increase in the strength of the fighting troops. But the Honourable the Finance Member, who certainly knows what the mind of the Military Department is, nevertheless gave us hope last year that the military burden would decrease. The established military charges budgeted for in the current year amounted to about 54½ crores. I am taking the established charges in order to know the true level of our expenditure, that is, the level at which military expenditure would stand without being disturbed either on account of special payments to be made because of demobilized officers or owing to adjustments to be made on account of the consumption of surplus stores. Now the Finance Member, in making his budget speech last year, when the level of established charges was about 54½ crores, said :

“ We are fortunately able to foresee considerable savings of an automatic character in our established charges in future years, as the result of the reduction of the rates of pay of the British soldier which came into effect in October, 1925. The immediate saving for 1926-27 under this head is not appreciable as the reduced rates of pay affect only new recruits, but it is estimated that, taken in conjunction with the reductions below present cost which will in due course result from the recent revision of the pay of officers in July, 1924, the savings from this source should amount to 12 lakhs in 1927-28, increasing annually to about 80 lakhs in 1930-31, and about 1½ crores in 1933-34.”

Nevertheless, Sir, we find that the established charges for the budget year amount to about Rs. 55½ crores and this after taking into account all the decreases due to reductions in pay and pensionary charges which amount to about 80 lakhs. The Finance Member not content with the additional burden imposed on us by the military charges has warned us that “ only the sternest economy and the strictest vigilance can now prevent our Military Budget from showing a tendency to rise rather than to fall.” Now, he has told us in his budget speech that about Rs. 70 lakhs of the increase is due to the necessity of increased purchase and manufacture of ordnance and other stores as we cannot draw on surplus stores any more. This explanation does not seem to me to clear up the situation.

[Pandit Hirday Nath Kunzru.]

I have taken, not the net figures for the military expenditure, but the established charges, which I understand include the expenditure to be allowed for stores. If that is so, the increased expenditure on stores in the budget year can be due not to the depletion of the surplus war stores, but on account of a permanent increase in the amount of stores to be bought in future.

Sir, the Inchcape Committee did not arrive at the figure of Rs. 50 crores, as stated by His Excellency the Commander-in-Chief yesterday, by chance. On the contrary, after seriously considering the subject, it laid it down as its opinion that even this was too much and that the Government of India should make every effort to go below the figure of Rs. 50 crores. Now, if we have had economies on account of the reductions in pay and pensionary charges, on account of the fall in prices—and here I may mention that the index number has fallen from 181 in 1923 to about 146 now—we should look for a substantial decrease in future. Nevertheless His Excellency the Commander-in-Chief told us . . . .

**The Honourable Sir Basil Blackett:** I wonder if the Honourable Member will allow me to interrupt him at this point; it might save trouble later. I pointed out last year that the prices on which the army figures depend are mainly the figures for cereals and pulses and things of that sort; and it is a curious thing that while the general index number has come down, the prices of agricultural products have gone up from about 108 to about 140 during that period.

**Pandit Hirday Nath Kunzru:** I am aware of what the Finance Member has said, but even taking the cereals and pulses together it seems to me that prices stand pretty nearly at the same level or rather at a slightly lower level as the Bombay index number shows. So, there ought to be some decrease in expenditure. His Excellency the Commander-in-Chief told us yesterday that he was afraid that the Government of India had already decreased their expenditure below what was safe. May we ask what is in store for us? Are all the recommendations of the Inchcape Committee going to be reversed? Are the Government of India going to ask for an increase in the strength of the fighting troops? Are the peace establishments of the battalions to be increased? Are the three cavalry regiments which have been sent away to England to be brought back? This certainly, Sir, is a very disquieting feature of the situation and one that requires full elucidation at the hands of Government.

1 P.M.

The second point, Sir, which His Excellency the Commander-in-Chief made in his speech was that relating to the shortage of officers, and he mentioned with approval the fact that the recommendations of the Lee Commission had brought about contentment in the superior services which were discontented not so very long ago. Now, the Government of India accepted in 1921 the recommendation of the Assembly that Indians should be given at least 25 per cent. of the commissioned ranks to begin with and that an attempt should be made, as soon as money was available, to start a military college here. Those recommendations have not been complied with, and I wonder whether His Excellency the Commander-in-Chief's speech foreshadows the appointment of a Committee like the Lee Commission which would propose for the army what the Lee Commission did for the superior civil services in India, and suggest concessions in addition to



those which the Army has got already in consequence of the Lee Commission's report.

The last point that I wish to deal with in the speech of His Excellency the Commander-in-Chief relates to the handling over of Aden to His Majesty's Government. Now, we know, Sir, that the transfer of Aden has occupied the attention both of the Assembly and the Council of State during the last six years. There was a debate on the subject in the Council of State in September 1921 and a number of questions have been put subsequently in both Houses. Mr. Bray, or Sir Denys Bray as he now is, in replying to a question put by Mr. Joshi in this House said in September 1922:

"I would remind the Honourable Member of my statement on the 16th January that Government have no intention of arriving at a decision (in regard to the transfer of the administrative control of Aden to the Colonial Office) without giving this Assembly an opportunity for discussion",

and this assurance was repeated in the Council of State in 1924, and yet, so far as I know, the Legislature has been given no opportunity for discussing this question before Aden was transferred to His Majesty's Government. I am aware, Sir, that the township of Aden still remains in the hands of the Government of India, but I would here like to point out the statement made by Sir Denys Bray in the Council of State in September 1921 in which he said that the township of Aden is "inseparably and inextricably" connected with the Aden Protectorate. We have, therefore, a lively fear, that although the town of Aden still remains with the Government of India, it may pass out of their hands at no distant date, and all the apprehensions that were expressed in the Council of State with regard to the position of Indians, should Aden be placed under the Colonial Office, may come to be realised.

I will turn now in the few minutes that remain to me to the Budget proper. I will not go over the ground already covered, but I should like to say with regard to the surpluses which form the central feature of the Honourable the Finance Member's Budget that they bring out the complaint voiced repeatedly in previous years and during this discussion in this House that the surpluses have been arrived at either by under-estimating revenue or over-estimating expenditure. Now, I will not trouble the House with the figures for 1923-24 for they require somewhat complicated adjustments which I am unable to go into here, but the figures for 1924-25 are simpler. Now in 1924-25 we budgeted for a surplus of 18 lakhs. The revised figures show a surplus of about 4 crores. Now, we must admit that the surplus of 4 crores was to no small extent due to the extra protective duties levied in June 1924. But, Sir, the actuals amounted to about a crore and 3/4ths more than even the revised estimates. In 1925-26, the surplus, which was expected to be 24 lakhs, amounted to about 3½ crores and this after a loss of about 71 lakhs due to the suspension of the cotton excise duty. And in the existing year, we are going to have, instead of a surplus of about 5 lakhs, a surplus of a little over 3 crores and this after having remitted the cotton excise duty, which accounts for about a crore and 3/4ths, and reduced the provincial contributions by about a crore. These facts, Sir, to be duly appreciated should be considered along with the figures for debt redemption. Now, I am not going to deal with the question of debt redemption as a whole because it has been repeatedly discussed in this House. I should like, however, to draw attention to one aspect of it and that is the amount provided for railway annuities and railway sinking

[Pandit Hirday Nath Kunzru.]

funds. The specific amount provided in that connection as shown in the memorandum of the Financial Secretary amounts to a little over 2 crores but I take it that of the unallotted sum of about 95 lakhs a large portion is due to the increased amount of railway sinking funds. The Honourable the Finance Member told us in 1924-25 that he had transferred the figures relating to Railway sinking funds and annuities from the Railway Budget to the General Budget out of deference to the opinion of this House. Now, Sir, this House asked in 1923 that this expenditure should be debited to capital and not to revenue. If it is to be debited to revenue, why not transfer it to the Railway Budget? Since the defence of the Honourable the Finance Member for providing for it is that it will decrease the rate of interest at which money can be borrowed for productive purposes, in other words, for railway extensions, it is only fair that the money provided for the redemption of railway debt should come out of railway revenues. This money should be included in the Railway Budget in order that we may know exactly the contribution that the railway revenues are making to us. You have a depreciation fund there. You have a reserve fund there. And not satisfied with them, you charge the expenditure on account of railway annuities and sinking funds to revenue. Now, if this expenditure were transferred to the railway budget, I am sure that the size of the reserve fund at any rate would decrease. But at present, while the reserve fund is pretty large and is added to annually, the revenues get no relief by being saved the expenditure on account of annuities and sinking funds.

Just one word more, Sir, before I sit down. The Honourable the Finance Member has informed this House repeatedly that the surpluses that it is having is due really to the prudent policy followed by the Government of India in regard to debt redemption. I would ask him whether howsoever good railway construction on productive works might be, he would be willing to come forward and directly ask this House to levy taxation in order to provide money for constructing irrigation works or productive works of some other character in order to benefit the revenues ultimately. I submit, Sir, that if he wishes to increase really the prosperity of this country he should increase its spending power and this he will be able to do only when he reduces the military expenditure, so that, to use a well-worn phrase, the money might remain with the people to fructify in their pockets.

The Assembly then adjourned for Lunch till Twenty-Five Minutes Past Two of the Clock.

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The Assembly re-assembled after Lunch at Twenty-Five Minutes Past Two of the Clock, Mr. President in the Chair.

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**Nawab Sir Sahibzada Abdul Qayum** (North-West Frontier Province: Nominated Non-Official): Sir, I am glad that I have got this opportunity of speaking in the House immediately after the recess, when there are not many Members present and I am not following a good speaker! Sir, another year has passed and another Budget has been presented before this House. The Members have got an opportunity of bringing their grievances before

the House and I should like to repeat my story too, namely, the story of the North-West Frontier Province, if I may call it the "unfortunate." But before proceeding to repeat that story, I should like to say just a few words on the general aspect of the Budget. A good many speakers have preceded me and the majority of them have criticised it, but I am sorry that I cannot follow the general trend of their criticism, though I may have a little grievance of my own about which I shall have to speak to the House on the motion I have given a notice of, if it ever comes before the House, regarding the shortness of funds for the improvement of the Frontier administration. But it stands as No. 74 in the List of Demands for Grants, which always comes under the guillotine, and no one has ever been able to speak on that subject. However, that is the fate of all smaller provinces and smaller matters!! Now, Sir, if I add a few words of congratulation to the Honourable the Finance Member on his fifth Budget, that is another surplus budget, I must not be accused of any partiality. To a layman like myself it does not matter how the ratio is dealt with, how the export and import duties are enhanced or reduced. It is the direct taxation, Sir, which a man in my position understands and I am glad to think that there is no direct taxation in the present Budget.

Sir, something has been said about the wastage or heavy expenditure on Delhi. I cannot agree with the gentleman who raised that objection. Delhi has been the seat of numerous dynasties in the past and every dynasty has left some mark behind to show to the coming generations the standard of its civilisation, and when the time comes, as it always comes, whether a thousand years hence, or three thousand years hence as in the case of the old Hindu civilisation, there will be a time when posterity may say that a certain civilisation existed in the 20th century or that a certain race was ruling the country with such a standard of civilisation behind it. We should not grudge this expenditure because most of the expenditure goes towards brick and stone, which are the product of the country and which will be left behind by this Government when it goes, if it will ever go.

Another question which concerns me a little more directly is the expense of the army. That has been very much exaggerated. I do not believe that even the present-day Indian army is sufficient to cope with the requirements of the country. (Laughter.) I suppose it is the lull in the troubles that encourages my friends on the other side to laugh at my remarks but these lulls can never be trusted. It may be just a lull before the storm. You have got a land border of nearly 1,400 miles. You have to defend that border from the north-east, all round the north, to the north-west and south-west to the sea. That border is full of arms. You will be surprised to know that the tribes on the North-West Frontier alone can put up half a million well-armed men in the field if they were ever to rise simultaneously. This is not improbable as the means of communication in those countries are so much better nowadays and the propaganda work in those parts is so steady and thorough. I would not say from which side. It is not only from the Bolshevik side. I hope you will excuse me if I say that it also comes from the centre of India. These waves of fanaticism, these reports of communal troubles, these ideas of so-called foreign exploitation and foreign tyranny and oppression and interference with religious customs and things of this sort, are trumpeted over there a great deal. I am not only speaking of my co-religionists, the Mussulmans across the North-West Frontier. Similar feelings may be prevailing or may arise in the East, say,

[Nawab Sir Sahibzada Abdul Qaiyum.]

on the Nepal side in sympathy with their co-religionists in India. In short, Sir, we are encircled by this border of 1,400 miles with well-armed people all round us, while you have not yet got a national army, but only a hired army, serving for the pay that it is getting. I do not blame you or criticise you for it but I must say at least this much that you have not yet shown the spirit for national soldiering.

**Mr. President:** Will the Honourable Member please address the Chair?

**Nawab Sir Sahibzada Abdul Qaiyum:** Yes, Sir. I mean that the soldiering spirit on which you could depend when an emergency arises is lacking in the country. All that you have to depend on is the Indian army or the British units that are here. My one point, which I do not want to enlarge upon because the time at my disposal is not sufficient, is that the present-day army is not sufficient for even one-tenth of the danger and the risk that exist on the land borders of India. On the other side India of course is surrounded by the sea, and we have the good luck to have the very powerful navy of the British to defend us there. But my point is that your expenditure on the North-West Frontier for purposes of defence is nothing in comparison with the very very heavy expenditure incurred on the British navy, which defends your shores. So, you should never grudge the expenditure on the army. Sir, as regards economy in that expenditure, I was sorry to hear my friend Colonel Crawford say that there may be some little extravagance or wastage, which it might be possible to retrench. As a military officer he ought to know that in the army the expenditure is governed by very strict rules and regulations, especially with respect to the issue of rations, clothing, etc. It is not like the civil departments, where travelling allowances, equipment grants and even saloons for our friends over there, place a very heavy burden on the finances. There is no avoidable wastage and no extravagant expenditure in the army as far as I can make out from my long association with the army. Sir, that is my second point. But whatever may be the case, Sir, I realize the difficulties of my friend the Finance Member. The Finance Member's position is not an enviable one. I remember when I was on service with a very distinguished officer. Sir Frederic Cunningham, on one of our frontier expeditions, I was only a junior official then, and when I took him his despatch to sign, he said to me, "My young friend, I am in great difficulty. I am between two enemies. In the front I have got Hashim Ali, who has cost me three expeditions, and in the back I am stabbed by that devil of an Accountant General, who is always ready to cut down my expenses, and I do not know what to do. But still I must go on spending freely, and if I am sent to jail or hanged afterwards I will not mind it so long as I can bring this expedition to a successful issue." So you should make some little allowance for the difficulties of officers on the spot when they are carrying on your business.

Well, Sir, there is this surplus budget. I am very bad at figures. Whether it is 3 crores or something else, I am not quite sure. But there is a surplus. And you do not know how to spend it. There is a suggestion from the Government side that it should be spent on the remission of duties, and God knows what else. But I can suggest to you one very useful way of investing this surplus money and it is to open new communications, new roads and new railways on the Frontier. That is your best investment. I assure you, Sir, that it will save you ten times that

amount in 10 years. His Excellency the Commander-in-Chief told us yesterday afternoon something about the improvements that had taken place on the frontier, particularly on the Waziristan side. Well, Sir, I know there is an enormous improvement, but I am sorry I cannot give the whole credit for it to your army, your power of to your forces. You were fighting in that corner for nearly 8 years, at a cost of 30 to 40 crores, and it was still the beginning of the fight when you began to build the roads. You may have realized the position of those people that they were not fighting for the love or pleasure of fighting but only for a bare living. You introduced ordinary works in their country which have improved your communications and fortified your frontier and have brought them a little labour near their homes and that has satisfied them and improved the position, Sir. (Hear, hear.) That improved the position not only in the Waziristan country, but look at the turbulent and notorious Khyber Afridis, Sir. A small road and a small railway, which give them a certain amount of labour there at home, has pacified them, Sir! These were the two most troublesome corners of the frontier, and both have been greatly pacified not by your arms but by your better treatment. You took your armies four times into the Khyber and about six times into Waziristan but with no better results.

**Mr. President:** I regret the Honourable Member still persists in addressing the Treasury Benches.

**Nawab Sir Sahibzada Abdul Qaiyum:** I beg your pardon, Sir; this was the only opportunity when I thought one was not out of order or seriously out of order, as it was a general discussion. Well, Sir, those are the reasons which have pacified those people. The people in these frontier lands, Sir, are not slack and sluggish in going in for physical labour. They go as far as Australia, they come out even as moneylenders to India, though that profession has now been handicapped, because I was told the other day by one of these moneylenders that Indian people were becoming very troublesome and were not paying back their debts. Sir, (Laughter), that every debtor wanted to be killed, and that the moneylenders were not prepared to kill everybody and be hanged instead: so that profession has also gone to a certain extent. Whatever labour is available is being done quite willingly by these people whether in the shape of the scavenging of streets in the Peshawar City, or the harvesting of crops in the settled districts or even the coolie work at Karachi and elsewhere. There is no labour available in their own country, and it is only when there is none available nearer their homes that they go in for raids; and whom do they raid? They first try to find an excuse to raid the Shiahhs as against the Sunnis, their own brethren, and when there is nothing to be found with the Shiahhs, then they go to the settled districts. They used to make a little distinction between Hindus and Musalmans in the beginning, because the Hindu possessed a little more wealth than the Musalman, but now even that distinction is not made by them, Sir. (Laughter.) There is a proverb, in my language, and I wish I could translate it correctly, for you. It says:

“A naked man can leave the road and turn aside but not the hungry man.”

The meaning is that a naked man is ashamed of being seen by others, but a hungry man must pass through the main streets so as to get a piece of bread to eat. It is really their hunger which makes them go in for these troubles. If you bring their level of living to the same standard as that of the people around them in the settled districts or in Afghanistan, I assure

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you, Sir, and assure you honestly, that you will not hear of all this raiding. It is not a love affair. It is only a bare necessity, Sir. So I will advise the Honourable the Finance Member that whatever portion of the surplus, if not the whole, that he can spare, he must invest in railways and roads on the Frontier, and if I may suggest to him, there is a line, a very fine line, from Tank to Hindu Bagh which will connect the two sister Provinces of the North-West Frontier and Baluchistan. That line will pacify a good many of the Gomal and Waziristan tribes. Similarly, you may take up the old Thall and Parachinar Railway, the land for which was purchased and everything else was done some time back; but God alone knows the reason for the change of your policy. If you will only revive that line for which I have put a question, you will really be bringing under influence certain other tribes round the Kurram Valley. Similarly, the line through Tochi will do a lot of good. These are my suggestions.

**Mr. President:** And no more. The Honourable Member's time is up.

**Nawab Sir Sahibzada Abdul Qaiyum:** But I have not yet touched my main point, the Frontier Reforms.

**Mr. President:** The Chair is very sorry.

**Nawab Sir Sahibzada Abdul Qaiyum:** Then I will let the tribesmen find their own way and must come back to my own part of the Frontier Province.

**Mr. President:** The Honourable Member has exceeded his time limit. He cannot come back to anything.

**Nawab Sir Sahibzada Abdul Qaiyum:** I will just finish, Sir. My grievances about the "Reforms" are the same as those of my friend Mr. Har Bilas Sarda, except that he seemed to be a little jealous of our 300 schools. Perhaps he forgets that a similar number was closed some time back and that we are only getting practically what we have lost in the interim. About Delhi, he and I both ought to be agreed that it is the pet child of the Government and we should not be jealous of it. But what about the Reforms for the Frontier? Sir, I do not know why there is all this delay. We are told, "We are considering". From 1920 till this day they are considering this question. Who are the advisers of Government in this matter—we understand that the Governor General is in direct touch with the Frontier since 1901,—but who are his advisers in the matter? Is it Sir Denys Bray, the permanent Foreign Secretary, who was the President of the Frontier Enquiry Committee of 1922, or Sir Norman Bolton, the Chief Commissioner, North-West Frontier Province, who was the Secretary of that Committee? Even the present Foreign Secretary and the Private Secretary to His Excellency are from those parts. And there is Sir Alexander Muddiman, who has paid several visits to that province. I do not know what delay there is in the consideration of this case, Sir. Is it the fear of our getting enormous powers under the Reforms, the powers of life and death or of law and order, that have to be considered, or only matters connected with a few schools and hospitals and some such things that are likely to be affected? I would not, however, detain the House on this point and would simply request that this matter may be specially considered.

One word more and I have done. I will ask my brethren on the opposite Benches that even if we have been given, though unjustly, a bad

name for so many things in the past, I assure them that we shall be better people in the future. We had only one serious trouble and one ordinary one as against numerous troubles in Bengal and among the Sikh community in the Punjab. The serious trouble was at Kohat and the smaller one at Dera Ismail Khan. In both places we have compromised the cases, and there is not a single case in the whole of India where the two communities have compromised their cases and differences in this manner and we have set a good example. We shall try to compromise all our differences in future too and I assure them on that account. I therefore earnestly appeal to them that it should not be they who should be pleaded as standing in the way of our advancement. Let the past be forgotten.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I am not merely following the time-honoured convention of the House when I start by expressing my genuine sense of appreciation of the skill and financial genius of the Honourable Sir Basil Blackett for the way in which he has handled the Budget, which was presented in this House on Monday last.

My feeling of satisfaction and relief is mainly due to the substantial reduction of the contribution which my province, namely, the United Provinces of Agra and Oudh, had to pay towards the Central Exchequer. It is a well known fact that my province is one of those provinces which were hit hard by the settlement known as the Meston Award. The feeling of the people of my province against this Award was so intense that in December 1921 the United Provinces Council unanimously passed a Resolution asking the Government of India to reduce substantially the contribution payable by the United Provinces to the Central Government and extinguish it within three years. This Resolution received strong support from the official Members of the Council as well. Sir Ludovic Porter, the then Finance Member of the United Provinces Government, in the course of his speech on the Resolution said:

"The province which has to pay one-fifth of its gross revenue as a contribution and which is meeting one-fourth of the Imperial deficit is the one province which in previous settlements has been unable to attain the standard of expenditure which has been found absolutely essential elsewhere and in every department of activities."

Again in September 1922 a Resolution was moved in this House asking the Government to reduce the provincial contribution by 2 crores. In supporting this Resolution Mr. Way, the then official representative of the United Provinces Government in the Assembly, said:

"This is a matter on which the Government and the people of the United Provinces feel very strongly that they have not been fairly treated."

I also raised my humble voice every year against this standing grievance of my province since I had the privilege of being a Member of the Assembly. It is therefore a matter of special satisfaction to me that this undue burden is now practically removed from the United Provinces. The financial position of the United Provinces is by no means satisfactory and this year we were about to face a deficit budget which I hope the reduction in the provincial contribution will now bring to a balanced one. I only wish that the temporary portion of the reduction would also have been a permanent one and hope that it will be possible to extinguish the contribution *in toto* next year. There is one thing however in this connection upon which I should like to lay great stress and it is this, that in 1925

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when the Honourable the Finance Member asked this House to vote on the salt duty at Re. 1, some of the Members of the House expressed their willingness to vote with him if he gave a statement on the floor of the House to the effect that he would impress upon the Provincial Governments to spend the major portion of the money saved by a reduction in the provincial contribution on the nation-building departments, and the Honourable the Finance Member said he would, but I regret to say that so far as my province is concerned a very small portion of the saving was devoted towards developing the nation-building departments. I repeat the same demand with all the force that I can command and urge upon the Honourable the Finance Member the desirability of conveying to the Provincial Governments a strong desire of this House to the effect that at least a substantial portion of the savings earned by the reduction in the provincial contributions must be spent upon the nation-building departments such as education, sanitation and child welfare.

Coming to the points of general interest in the Budget I cannot help noting with regret that in the distribution of the surplus the most crying need of the country, namely, the encouragement and improvement of our industries and technical education has been lost sight of. It is no doubt a matter of satisfaction that increased educational grants have been made to the provinces under the direct control of the Government of India. And I take this opportunity to congratulate my esteemed friend Nawab Sir Abdul Qaiyum on receiving a larger educational grant for his province.

**Nawab Sir Sahibzada Abdul Qaiyum:** Yes, for the primary schools we had before.

**Maulvi Muhammad Yakub:** But I hope this increase in the educational grant is not a substitute for an extension of the Reforms to the Frontier Province for which my Honourable friend and other people of the province are so anxious and I hope it will not be very long before we have an opportunity to congratulate him on the extension of the Reforms to his province.

I also note with approbation the provision for the introduction of compulsory primary education in Delhi. In this connection, however, I wish to point out that the Local administration of Delhi should be directed to take such measures by which the Musulmans of this ancient city may also derive benefit from the introduction of compulsory education. From the answers which I received to several questions of mine in this House it is fully established that the Education Department of Delhi is not treating the Musulmans with fairness and justice. Circulars are issued by the Government to help the Musulmans in the matter of education, but unfortunately no effect is given to them. It is necessary that on the controlling agency of the department there must be some Musulman to safeguard the interests of his community. There is one more important fact worthy of the attention of the Government in connection with the education of the Musulmans, and it is this that the descendants of the late Mogul Emperor of Delhi are in a most miserable condition; most of them have got no means of living and they cannot afford to give any sort of education to their children. I fervently appeal to the Government to feel some compassion for these unfortunate beings and if nothing else can be done for them at least some special facilities should be provided for their children to receive education. The provision for the educational programme, which



extends to five years is extremely insufficient for the requirements of the institutions directly under the control of the Government of India. Education, as pointed out by the Honourable the Finance Member, is no doubt a transferred subject, but the Provincial Governments are loath to give help to the institutions under the direct control of the Government of India, on the ground that it was not their concern to provide for such institutions. This was the reply which was given by the United Provinces Government on a demand for a grant to the Aligarh Muslim University.

The problem of unemployment in India, specially amongst the Musalmans, is a matter requiring serious consideration. The Musalmans have got neither the capital nor the aptitude required for trade and business. For generations our chief source of living was either service under the crown or the income from ancestral landed property. The change of Government in the country was so abrupt that we were handicapped in adopting new methods for entering in the services of the new Government and the landed property has now mostly passed into the hands of the money-lender. Therefore the struggle for existence is really very hard in the case of my co-religionists; and it would not be in the interest of the Government as well as in the interest of the country itself that a large section of its population should be reduced to a state of utter penury and be forced to adopt desperate methods of living. Hundreds of Musulman graduates roam about from door to door in search of employment; their parents, having exhausted all their resources in giving education to them, look in utter despair not knowing what to do in order to secure some employment for them. We, the Members of the Assembly, are surrounded by hoards of these unemployed and discontented youths. There are very few openings in this country for these young men and it is of the utmost importance that in-

3 P.M.      dustrial and technical institutions should be opened in abundance all over the country for the unemployed, if the discontented youth of the country is to be protected from falling victims to desperate methods. I would urge upon the Government to spend more money on industrial and technical education than they have been doing up to the present time; and I am really disappointed that no provision is made in the Budget in this direction. The Hindu University at Benares and the Muslim University at Aligarh should be liberally provided with funds with instructions to devote them solely to technical and industrial education.

Passing on to another point of general interest, I regret to note that it has not been possible to reduce postal rates in the country. The amalgamation of the Postal and Telegraph Departments is to a great extent responsible for showing a deficit in the Budget for the combined departments. It is really the Telegraph and not the Postal Department which is mainly responsible for the large amount of working expenses. If the accounts of both departments are kept separate, there might be some chance of a reduction in the postal rate and probably the postcard which is the general medium of the poor man's correspondence could be reduced to its former price. The Honourable the Finance Member would earn a great deal of gratitude from the poor population of this country if he could take a step in this direction.

I also welcome the increase in the tobacco duty because I consider that smoking cigarettes, especially among the student classes, is one of the main causes of the physical degeneration of the youth of India. I am really convinced that the smoking of these cheap cigarettes creates a

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large number of diseases and therefore anything which checks and stops this smoking evil is welcome to me. (*An Honourable Member*: "What about the *hookah*?") Well, Sir, the *hookah* is not so bad; I do not think it is so injurious to the health as these cheap cigarettes. The *hookah* is the most refined form of smoking tobacco. There the smoke passes through the water and, in passing, deposits the poison in the water, while in cigarettes the poison goes directly to the lungs.

Finally, Sir, I join the Honourable the Finance Member in hoping that in the next year we will have plentiful rains and a plentiful harvest which will help in the progress and prosperity of the masses of this country.

**Mr. T. Prakasam** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, the surplus budget of the year represents the underlying policies of the Government under the present system. It represents the military policy, the foreign policy and the trade policy. Foreign policy, we have very little to do with. The Washington Conference was attended by the Right Honourable Srinivasa Sastri as our representative (*Mr. C. S. Ranga Iyer*: "Question. He was the Government's representative.") and he returned as he went. My friend behind me says that he was Government's representative. The Government represents all the millions of India under the present system and whoever is sent by the Government, the Government claims to be representing the millions whether they wish or not. So far as the Washington Conference was concerned, we got nothing. The Right Honourable Srinivasa Sastri went there and returned.

Then, Sir, at the Locarno Pact, it was stated that the present treaty shall impose no obligation upon any of the British Dominions or India unless the Government of such Dominion or of India signifies its acceptance thereof. According to popular idea, this assumes the right of India not to become an active belligerent except of its own choice, in the event of a British war arising out of the treaty. Armies have been sent from here to China, and we are told that it was only to defend the Indian and English interests over there. We did not know, this Assembly, which is supposed to consist of representatives of millions of people, did not know until the army had been actually sent away and until it had left the shores of this country. And when a question was raised whether the cost would be borne by us or by the Imperial Government, we were told that India would not bear the cost. Sir, it is not merely a question of cost. The question is whether the Indian army should be sent away from this country without even the subject being placed before this House. That is how our military policy stands to-day. I do not propose to detain the House very long by dwelling on that subject, because much has already been said on it. My Honourable friend Sir Abdul Qaiyum placed a very interesting statement before us this morning about the people in the North-West Frontier, about their physical fitness, their condition, their courage and their martial qualities, and, given the requisite education and opportunities, there is not the slightest doubt, Sir, that they would be quite fit to be enlisted in the army and they would be able to defend the country quite as efficiently as the British armies that have been brought from abroad. My friend has asked for railways, he has asked for more education and facilities to train these people. Well, Sir, the millions of

India have been demanding just the same opportunities for the last so many years. Are there not people here fit to get enlisted into the army and defend the country? 100 years ago, when a standing army of zemindars was drilling in Esplanades a *firman* was sent forth by the newly appointed District Magistrates telling the commanding officer: "Well, Sir, there is a standing army for you. No need for your armies. We are here; there is the Magistrate and there is also the police appointed by British Government to keep law and order. You should disband your army." I was referring to this only to submit to the House how the process of emasculation started and how the martial spirit in the people has been completely destroyed. Now, our administrators say that we are disorganised, we have not got the spirit to fight. But unless opportunities are given how will it be possible for the people to develop martial qualities? His Excellency the Commander-in-Chief said that there could not be a reduction of even one man or even one rupee. I do not really understand, Sir, why it should be so in a country which is inhabited by so many millions of people who would become fit within a very short time to serve and defend their own country if only facilities were given to them. What we could understand is that the military will be ready with one moment's notice to come into the field to put down the riots and to suppress the labour activities. Distressing news has been received between yesterday and to-day that on account of firing by the police 20 persons had been killed and 40 injured in a riot or what was apprehended to turn into a riot on account of music before a mosque between Hindus and Mussalmans. Startling news. We have not been told whether any officer was injured seriously. That 20 people should have been killed and 40 people should have been injured is a shocking thing. Every one of us deploras these Hindu and Mussalman disputes and riots. It is a painful thing to think of these things. But to suppress a riot, to disperse an unarmed crowd, is it necessary, Sir, that fire should be opened and that 20 people should be killed and 40 injured? According to the report it is the Mussalman that are killed. What does it matter whether it is Hindus or Mussalmans. And how shocking it is and how painful it is that these communal riots should be occurring; it is a tragedy all these years that sufficient steps should not have been taken. (Mr. K. Ahmed: "Ask Pandit Madan Mohan Malaviya: he went there.") When a riot had to be prevented and a crowd had to be dispersed, I say, Sir,—on the meagre material that we have got to-day—there is absolutely no justification to kill so many. The military policy serves only this sort of thing. Again, with regard to the Kharagpur labour strike, over and over again the matter was brought to the notice of this House how these labourers who had gone on strike had been treated by the Auxiliary Force. I do not wish to re-open that debate at any length here but this illustrates the way in which the military power was used against those who used their legitimate weapon of strike when no redress could be got for their grievances.

With regard to the hides trade, the export duty is to be abolished. Hides relate to the tanning industry in India. It is the duty of a Government, whether it is democratic or despotic, or the Government of the late Tsar or the Kaiser.—any Government is bound to protect the industries of the country. The tanning industry has been suffering so much. The export duty is the one thing that could help that industry in the country. That export duty is now removed. Hides go to other countries and they are sent back to this country as leather. A small import duty is

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levied. That will not protect in the least the tanning industry. Now, the Honourable the Finance Member, in his speech stated in paragraph 38 :

"The trade is at present in a depressed condition and the Government have for some years seen no justification for the retention of the duty *except on purely revenue grounds*."

May I ask, Sir, whether the necessity to protect the tanning industry is not a ground for retaining the export duty? The hides leave the country—in the same manner in which cotton leaves. They are tanned in another country and returned to us as leather, just as we had been deprived of our own clothes cotton being exported from here, yarn sent and cloth is sent back to us, ourselves bearing all the cost. The protection of the industry in the country is very necessary and it is the duty of the Government to protect that industry. The Honourable the Finance Member says: "Except on the grounds of revenue there has been no need to retain this tax". That this statement should have been made by the Honourable Member is surprising. I have a telegram from the President of the Southern India Skin and Hide Merchants' Association, Madras. He says:

"Urge strongly against proposed abolition export duty on raw hides. Important indigenous tanning industry is already in depressed state. Abolition of duty will further cripple it. Export duty very necessary to protect industry from powerful foreign exploitation of our raw resources. Duty beneficial to country's real great interests. Fiscal taxation commission's principles not applicable to tanning industry as Indian consumption leather insufficient now to absorb all its production hides, consequently import duty on infinitesimally small import of foreign manufacture leather will not help in stopping or appreciably reducing foreign exploitation of raw hides. The question is not whether India should use Indian tanned hides or foreign manufactured hides but whether India should prefer to export her hides in raw or tanned state. Appreciating these facts Indian Industrial Congress, Indian Chambers Commerce and also some European Chambers have supported export duty."

This I place before the Honourable Members of this House to show how the indigenous industry will suffer on account of the abolition of this export duty. The tanning industry would disappear altogether with the removal of this tax. I record my protest against this abolition of a protective tax.

Another matter relating to a grievance which I would like to submit to the Honourable Members of this House is this. It is a small matter perhaps to the Government. But, however, small it might be to them it is a matter that concerns the poor in Madras, the postal clerks, the postal peons, and those who are subordinate to them. There are so many as four gradations. These are people who receive only a few rupees as their salaries. They have been suffering from an inequality in pay and they have been asking for redress and nothing has been done. So far as the postal clerks are concerned, all the other provinces have been put on one scale but so far as Madras is concerned, they have been put on a lower scale. I do not know what prompted that, but I hope it was not because the Madras Brahmin was paying only Rs. 5 to the cultivator. Dr. Macphail the other day was telling—was rather furious against the Madras Brahmins : . . .

\*The Revd. Dr. E. M. Macphail (Madras: European): Excuse me. I must protest against that statement. I have got a great many friends among the Madras Brahmins and I have never been furious.

**Mr. T. Prakasam:** So far as that matter is concerned, whether it is the postal clerks that have been trained and sent out by Dr. Macphail, or whether it is the pleaders or other class of people, I was rather expecting Dr. Macphail, as an experienced missionary gentleman, to claim something in the matter of helping the Indian social reformers in the matter of relaxation of their rigid caste rules and customs. On the other hand, Dr. Macphail took up a very angry attitude; and I may say that the Brahmins of South India form only 3 per cent. of the population. In regard to cultivation also they are in a great minority. They do not form a majority of the landlords and there could not have been any oppression on their part. Apart from that, Sir Charles Innes also twitted us saying that the Brahmin of South India pays his tenant less than five rupees. He said, "Charity begins at home". I really doubt whether there are any Brahmin landlords who had been conducting themselves like that. I do not speak for Malabar myself but with regard to the districts, both Tamil and Telugu, I can say it cannot be a fact. We shall try to know the truth of it. Even if there should be any, is it any excuse to say that because a Brahmin was paying a very low rate of wage, the Government should conduct itself similarly in this manner? In London, if you go into the East End, you will find people who are hungry and who would be anxious to get 2d. a day to satisfy their hunger and live upon. But that would not be a test. There may be persons here and there but that should not be the test at all. I was looking into this Budget with a view to find whether the surplus shown here is a real surplus and whether the surplus is based upon the prosperity in the country. One would certainly welcome any surplus budget which is based upon prosperity and contentedness in the country. But the present Budget is not one like that. A surplus budget is not always welcome, but if it is a real surplus, saved after giving everything that is due to the people, one will certainly welcome it. Now, Sir, so far as the Government is concerned, the national debt is shown to be over Rs. 900 crores. It is put under two separate heads, one over 500 and the other 400 crores. If that were all the national debt and if the Government were striving to get rid of that debt, I could very well understand it. But that is not really the whole of the national debt. That is a debt contracted by the Government not for the sake of the people but for expanding her railways and for doing several other things, no doubt partly for the benefit of the country, but mostly for the benefit of those who are governing this country. Now, Sir, the agricultural debt in the country is over Rs. 800 crores, and including the Native States, it comes to Rs. 1,000 crores. The debt of the agriculturists is the real national debt of the country. It is that debt that should be liquidated. So long ago as 1884 one of the predecessors of Sir Basil Blackett in the Assembly itself stated that they realised the necessity to liquidate these agricultural debts. No attempt has been made to give relief with regard to it. This is a budget framed without the least reference to this agricultural debt, which is the real national debt. Just as they are raising monies in order to meet the capital expenditure on railways and all other things, monies should have been raised to discharge the debt of the agriculturist and the agriculturist ought to have been placed in a better position. My submission is that the Budget is not a national budget, is not a people's budget but is merely the budget of the merchants who are the descendants of the East India Company.

**Mr. President:** Order, order. The Honourable Member's time is up.

**\*Rao Bahadur M. C. Rajah** (Nominated: Depressed Classes): I am extremely thankful to you for giving me this opportunity to lay the grievances of my community before this august Assembly. But before doing so I would offer my thanks, sincere and heartfelt, to His Excellency Lord Goschen and to His Excellency the Viceroy for kindly sending a member of the class that has long been raising its voice and always failed to secure a hearing into this august Assembly. I take it as an honour done to the community—not merely an honour but a manifestation of a desire on the part of the Government to give recognition to that portion of the population of India which is considerable not merely in numbers but as forming the backbone of the whole country which is nothing if not agricultural; a recognition which it has never received at the hands of its own countrymen, whose long and gruesome tale of untold wrongs I will not regale you with relating at present, for they are patent to the world. The very word has passed into a byword of scorn into all the European languages. Therefore I say I feel doubly and trebly thankful to the Governments of India and Madras for sending me into this Assembly.

**Mr. K. Ahmed:** You earn Rs. 20 a day.

**Rao Bahadur M. C. Rajah:** It is too terrible to contemplate the condition of the depressed classes or the laws the Indians established, whereby one section of the country was kept in perpetual bondage to serve the interests, to minister to the pleasures and vices of the rest of them. In every country in the world a certain portion of the people through their own fault or through social arrangements naturally and automatically sink to the bottom, but here in India laws were passed so as eternally to keep down some millions of their countrymen—they form 60 millions now—never to give them, their children, or children's children down to the uttermost generation an opportunity to rise. They were put out of the pale of humanity; they were to be treated worse than animals; they were to be starved; they were not to be allowed to breathe pure air; they were not to be allowed to drink pure water. They were not to live with the rest of them, but were segregated and housed like pigs. They were not to go or walk on the same roads, nor worship in the same temples, nor read in the same schools, nor live in the same cities, nor eat the same food. This, Sir, is the tyranny to which they were subjected for ages and would have continued for ever, but Providence, which though slow, is sure to hear at last, heard the desolate cries of despair of the hopeless millions that rent the air and sent the Britisher to India.

**Mr. K. Ahmed:** Why don't you go and sit by the side of the Pandit?

**Rao Bahadur M. C. Rajah:** We have been subjected to the most cruel wrongs, wrongs from which, thanks to an ever merciful Providence, it is Britain's mission in India to rescue us. With the advent of the British our emancipation commenced. He too has been tardy, very tardy indeed, in moving his little finger to right this wrong, but I say I am deeply grateful to him. After all, is it not to the foreigner that we owe what little of education, material prosperity and personal liberty we possess to-day and not to our selfish countrymen, the caste-proud Hindu calling himself our kith and kin, exploiting our labour for the fulfilment of his selfish ambition and giving us only a pittance. My friends are transported with rage at the treatment accorded to their countrymen in South Africa. Is it because we

are nearer at home that the eye is blinded and cannot see, or is it a wanton attempt to distract attention from irregularities at home that they are trying to fix the attention of men abroad? It sounds odd, very odd indeed, in the mouths of these people to speak against injustice in South Africa when they have brutalised and are keeping still in a state of bondage a vast section of their countrymen. Sir, they all cried for Indian Ministers. Let me frankly ask them what these highly paid Indian officers did to us. Did our representation of the atrocities that they were committing disturb one night's sleep for them? No, Sir, I wish they had never got this power. Well, Sir, as a matter of fact what has this Legislative Assembly done all these years to alleviate the sufferings of these voiceless millions? What have the provincial Councils done for them? There was a time when it was said that once the people of India get power into their hands they would help forward the oppressed classes in India. Are we any nearer to the time when the caste Hindu will think with shame of such atrocities having once existed in this country? I have often heard within the four walls of this House an accusation levelled against the Britisher by the Opposition Benches that the British Government has crushed the freedom of Indians and has deprived them of the rights of citizenship. But freedom of person is totally denied to the oppressed classes by the caste Hindus, for their law allows it and the court supports it. Can India get self-government before our social wrongs have been set right? Social equality, social liberty and social fraternity should be enforced among the people who clamour for political equality, political liberty and political fraternity. Labour in India can be broadly classified under two heads, agricultural and industrial. The public agitate and the Government legislate for the latter, because that is largely a foreign concern, whereas the former, who form the greater portion of the labouring population of India, do not receive the attention of anybody. Why? In that the politicians take no interest, and the Government do not interest themselves in that either for there is no politician to engineer an agricultural movement. If indeed there was one, he would be caught by the neck and choked in the nearest pond by the first landholder he met with.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Might I ask what the Government would do in that case?

**Rao Bahadur M. C. Rajah**: I am just asking the Government to legislate on that. He will go away with the lesson never to renew his efforts again to improve the lot of the agricultural labourer. Now, Sir, it is here where we want the help of Government and of my friend the Honourable Mr. Joshi. The landholders are the most powerful body in the country. The agricultural labourer forms the bulk of the labouring population in India; these are half famished and partially clad men, being given wages that could hardly keep body and soul together. Upon their industry the idle landlord fattens and thrives. The Indian politician will never come between them and the owners of lands, for, as I have said before, he will raise a hornets' nest about his ears if he attempts it. Hence the necessity, the absolute necessity, for the Government to legislate and thereby permanently improve the miserable lot of the agricultural labourers. When that is done, Sir, emigration will cease and the thorny questions, like the South African question, which has given so much trouble to South Africa and India and England, would never arise. Here, Sir, I wish to offer a word of explanation for my adverse vote when the House considered the question of the appointment of a committee for investigating

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the causes of the Bengal Nagpur Railway strike. Such a committee I know would do positive harm to the labourer, and embitter their relations with the employer. Why? Because the evidence of the really aggrieved labourer would not be forthcoming. It is the man set up and tutored by the executive who would come forward as a spokesman and repeat like a parrot what he was taught to say.

Now, Sir, all over the country the cry has been raised that the services ought to be Indianised. Now, what can this Indianization mean? It would mean a few more highly-paid jobs for the caste Hindus and the mass of the people will be left untouched; and the presence of these Hindus in those top places will be a hindrance to the advance of the masses, for the Indians have been blinded by the age-long caste prejudices; and even if a few had the extraordinary courage, they would be hooted down by their own countrymen and thus incapacitated from doing any good whatever to the country, whereas the Englishman, who has none of these disadvantages, sees clearly and seeks the shortest road to remedy these. The first and foremost charge on the exchequer of any civilized Government is the promotion of human happiness and of the widening of the opportunities for a good life for many crores of the people of the country. Is it not proper, Sir, that out of the surplus amount a considerable amount of the revenue should be set apart and earmarked for my people and spent in relieving their deplorable condition for which they are not responsible? (Hear. hear.) The Government of India should take up this question immediately. Nation-building should be directed towards the amelioration of the condition of the one-sixth of the population of the country that have been kept down for ages. Nation-building will all be tall talk if the activities are not directed towards the uplift of these waiting millions, the real sons of the soil. The first concerted action of the Madras Government for the uplift of the depressed classes was the creation of the office of the Protector of the Depressed Classes. This was due to the Government of India. In their letter to the Government of Madras published in their Resolution No. 1835 (Board of Revenue), dated 13th September, 1916, the Government of Madras created a separate Department called the Department of the Protector of the Depressed Classes under a special officer with a separate staff. This officer was gradually saddled with other work and was ultimately transferred into a Labour Commissioner with multifarious duties, one of which is to look after the depressed classes. Sir, this is not as it should be. This Assembly should set apart a certain sum, progressively increasing, for the improvement and advancement of the one-sixth of the population who have been wantonly held back. The office of the Protector of Depressed Classes should be created in every province and the condition of these millions should be remedied. Next, Sir, provision should be made in the Budget for giving scholarships to promising young men belonging to my community to enable them to go to England or Japan or America for higher studies. We all know the usefulness of that great institution at Tuskegee. I mean that famous institution founded by that noble son of American, Washington. If only we send them abroad for training, will they not on their return be able to point the way to progress and usefulness for the depressed classes? Sir, it is a national loss to keep the depressed classes in the condition in which they are to-day. If you give them your hand of fellowship, they will be a national asset to you to-morrow.



**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, I congratulate Rao Bahadur M. C. Rajah on the speech he has delivered, though I wish that he had avoided saying a few things which he has said. I am in entire agreement with him in his desire that the condition of the depressed classes should be elevated. (Hear, hear.) He knows, Sir, and the country knows that not one but hundreds of high-caste Hindus are working for the uplift of the depressed classes, and I am glad to be able to say that the work of their uplift has made much progress, though I wish that the progress were twenty times more than it is. I join with him, Sir, in desiring that a part of the surplus of every Government should be set apart for the education and uplift of the depressed classes. It is a sad fact that not enough has been done to help them. I am entirely at one with him also in desiring that every Government should be asked to take special measures to promote education, not merely elementary education but industrial and agricultural education also among them. I am also with him in desiring to see more students of the community take advantage of higher education. He will be glad to hear that my generous friends, the Birlas, have given 25 scholarships of Rs. 15 each for depressed class students at the Benares Hindu University (Hear, hear and Applause) and students receiving the scholarships are receiving instruction not merely at that University but also in Bengal and in some places in the United Provinces. I regret that their number at present is very small. If my friend will let me have the names of students who desire to take advantage of these scholarships, I shall be thankful to him. But that is a mere drop in the ocean. I wish there should be a thousand scholarships all over the country for students of the depressed classes, and I wish they should be given every facility to receive technical and industrial education. In addition to general education such facilities are available to them in the Benares Hindu University in the Industrial Chemistry Department and in the Engineering Department, and I shall be glad to take several more students there.

**Mr. K. Ahmed:** What about their social education? Do you mix with them?

**Pandit Madan Mohan Malaviya:** I meet with them with not less pleasure than I meet Mr. K. Ahmed. I meet with them not with less pleasure than I meet any other Member of this House. Let my Honourable friend know, Sir, that they sit in the classes of the Benares Hindu University where my own son sits, and where the sons of other high-caste Hindus sit to read. The best thing would be for my friend to honour the University by a visit some day and find out for himself how boys of the depressed classes are treated there.

**Mr. K. Ahmed:** Will you dine together?

**Pandit Madan Mohan Malaviya:** You think of nothing except dinner. (Laughter.) I think of other things. We can live for other things than dinner. If I can honestly serve my fellow-men, I think I shall be more happy than if I dine with them and harbour an unfriendly intent against them.

While I am on the subject of education, I desire to express my sincere satisfaction at the provision that has been made in the Budget for it. I congratulate my Honourable friend Nawab Sir Abdul Qaiyum on the grants that have been made for the Frontier Province. I entirely agree with him in desiring that those grants should be supplemented by provision for

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industrial and technical education so that cottage industries may be introduced and the people of that part of the country may be able to earn an honest living. They are a fine people and if they receive education they will render as good an account of themselves as any other people in any part of India. At the same time, Sir, I wish that the provision for higher education in the Budget were larger than it is. I do not wish to dwell upon it here because when the Demands are made the subject can be more appropriately dealt with, but it is a matter to me of sincere regret that during the many years the Government have been recording surpluses and spending money liberally in so many other departments, the provision for helping University education under the direct management of the Government of India has been invariably poor.

Now, Sir, there are many other matters in the Budget which call for comment, but my time will not permit me to deal with them. I only want to deal with a few points which are of outstanding importance in this Budget. I wish we could realise the picture of future prosperity which the Honourable the Finance Member has put before us of the masses of the people. The masses of the people, Sir, are living in a state of penury and very great distress in many parts of the country. When I look at these costly buildings on which more money has been spent than should have been, and when I think of the people living in villages within a mile or two of Delhi, Imperial Delhi, my heart sinks within me. I wish that there had been much less extravagance shown by the Government of India in building this city and that far more money had been found to promote nation-building services in the country. It is most unfortunate that that is not the position to-day. While there is grinding poverty oppressing the large mass of the people, while the national average income has not been rising, but many of us believe has been going down, the expenditure of the Government has been steadily growing, as my friends who have spoken before me have shown. While civil expenditure has been growing—it has grown enormously—military expenditure has not been reduced to the extent it should have been. I was saddened to hear the remarks of His Excellency the Commander-in-Chief, supported by the remarks of the Honourable the Finance Member, that the minimum figure had been arrived at and that there was no hope of military expenditure being reduced below Rs. 54.92 crores, where it stands at present. Sir, this is a pronouncement which will cause very great disappointment in the country, because we have been expecting that military expenditure would be brought down to at least 50 crores. We thought that this was long overdue, that it should have been brought down to 50 crores some years ago, and therefore when we find the Honourable the Finance Member and His Excellency the Commander-in-Chief both agreeing that it cannot be reduced below that figure, but that on the contrary it might go higher, I feel very much oppressed. I do not, however, think that in reality the fact will turn out to be as hard and as bad as the opinions of the two Honourable Members would lead us to believe. We had a settled fact in the partition of Bengal and even that became an unsettled fact. I venture to think that the opinion of Government in this matter will likewise undergo a change and that in the course of the next few years the Government and the Assembly will combine to bring down the army expenditure to at least 50 crores. I think it should be much lower than 50 crores, but we have first to work up to reduce it to 50 crores. If the Government would earnestly endeavour to see that expenditure brought

down, further they would, I am sure, find room for reduction, without reducing the strength of the army, without making equipment inefficient. I agree that it is not right that equipment should be made inefficient. But is it not possible to reduce expenditure by substituting Indian for European soldiers in the army? I am not asking that presently all European soldiers should be sent back to England. I am only asking that there should be a reduction of their numbers and I submit that there is nothing in the circumstances of the country to justify the view that the number of British soldiers cannot be reduced at present.

**Mr. K. Ahmed:** How will you suppress communal riots?

**Mr. President:** The Honourable the Pandit may well ignore all these interruptions.

**Pandit Madan Mohan Malaviya:** That is exactly what I wish to do, Sir, and I am grateful to you for suggesting it.

The British soldier has his legitimate work to do when there is a war going on and to keep himself ready for it when it should arise, but there is no need and not much use for him in these unfortunate communal riots. Those riots can be put down by the Indian policeman, and they can be prevented by the Government and the leaders of the people acting together. It is a matter for deep regret that they have not been so prevented in many places. I regretted to hear of the incidents that took place the other day in Barisal. To prevent the recurrence of such sad incidents is a sacred duty which lies upon the officers of the Government and the leaders of the Muslim and Hindu communities. I confess we have been very much to blame for not attacking this problem seriously. I regret that not many of us have spoken out freely and fully to condemn acts of lawless violence, whoever might have committed them. The duty lies upon us all residents of India, Hindus, Muhammadans and Europeans, to tell fellow-citizens when they err that they have erred and to try to lead them to a better, a higher way of life. I regret to think that enough has not been done in this direction, and I wish that more would be done. But, Sir, the question whether the present number of British soldiers should be reduced has to be considered independently of this consideration. I submit that it is not necessary to keep up the present strength of the British soldiers in the army because there are occasional communal riots. Riots take place in other countries also in the world, and until education has been made universal, until children at school are taught lessons in patriotism, until every respectable man has learnt to stand up to prevent lawless violence both by precept and examples, until then such riots will take place. But that is no reason for keeping up the present strength of British soldiers in the Indian army.

The other outstanding feature of the Budget which has rightly received great attention from the Members who have spoken before me is the question of the rate of exchange. Everything hangs upon that and the question is whether this Budget will stand as it is or whether the Honourable the Finance Member will revise his calculations on the basis of a 1s. 4d. rupee. Now, Sir, it is really unfortunate that this discussion on the Budget comes on before the discussion on the ratio question has taken place, but I recognise that it is no good dwelling upon this any longer. I wish, however, to draw the attention of the Honourable the Finance Member to a few facts. We all know that very active canvassing has been going on among the Members of this Assembly to persuade people to adopt either the one or the other view. I have no complaint to make against that;

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every man who believes that a particular course will be for the good of the country and the people is entitled and is under a duty to try to persuade his fellow-members to that view, but I do wish that every Member who approaches this question should discuss it with a sense of the solemn importance which attaches to it. I wish to say this, Sir. I have endeavoured in my own humble way to understand the question, and if I am convinced even at this moment that the ratio of 1s. 6d. is the proper ratio for my country and my people, I would most wholeheartedly support that ratio, but the whole of my study of this question, and I ask my Honourable friends to believe that I have given some study to it, has led me to the conclusion that the 1s. 4d. rate is the right rate and that the 1s. 6d. rate will mean great disaster to this country. Now this is not the time when I should go into it in great detail, nor do I do so also because many friends who have spoken before me have done this very much better than I am able to do. But I ask my Honourable friend the Finance Member to take it from me that it is not a settled fact with us, that most of us are not yet pledged to a particular view. If we find that the facts which have been put before us are answered, if satisfactory replies are given, if our intellects are satisfied, he may fully expect support from this side; and I would ask him to do what we are prepared to do. He has taken up an attitude which to my mind is still encouraging. The Budget is not so alarming if the figures are revised on the 1s. 4d. basis, as was apprehended it might be, and the attitude which the Honourable the Finance Member has taken up in presenting the Budget leads me to hope that he will review the situation in the light of the opinions placed before this House, and if he finds that the truth is with his friends, that he will stand with the truth and with his friends.

Now, Sir, of the few points to which I would invite attention, one is the assertion made by two Honourable Members of this House who can be regarded as men who understand this question better than many other Members on my side. There is the Honourable Sir Victor Sassoon and there is the Honourable Mr. Ghanshyam Das Birla. Both of them have told the Honourable the Finance Member that he has taken 64 crores more in the last three years than appears on the surface. That is a statement the correctness of which has been supported by figures which the Honourable the Finance Member, if I understood him correctly, said were correct, the figures which were quoted by Mr. Chetty. The second fact is that there has been a deflation of Rs. 30 crores during the last 12 months. This deflation has not yet been explained on any other supposition than that it was resorted to in order to maintain the ratio at 1s. 6d. Now, Sir, those are two facts which stand out prominently and which call for explanations. I wish further to point out that, whenever an attempt has been made to artificially raise the value of the rupee, there has been a protest made against it, not merely by Indians, but by some of the best Englishmen. I wish to point out to the House that this is not a question over which anybody can dogmatize. This is a question which affects the people most vitally.

**Mr. President:** Order, order. I would like the Honourable Member to conclude his observations now.

**Pandit Madan Mohan Malaviya:** I will, Sir. Will you kindly give me a few minutes more?

**Mr. President:** The Honourable Member will conclude within two minutes.

**Pandit Madan Mohan Malaviya:** I will. I wish to point out that when it was proposed to close the mints to the coinage of silver and artificially to raise the value of the rupee, the *Statist of London* wrote an article against it on the 5th of November, 1892; and the Honourable Sir Dinshaw (then Mr.) Wacha quoting it in his speech at the Allahabad Congress in that year, said:

“If the purchasing power of the rupee were raised by 20 per cent. or anything like so much, (you have only to substitute 12½ per cent. for 20 per cent. here) the land tax would be raised in exactly the same proportion, for every rupee would then represent 20 per cent. more of the produce of the ryot's land. Similarly the rents of houses and lands all over India would be raised to the same extent. All the other taxes payable to the Government would likewise be raised. So would all debts due at the time the change was made; in other words, every banker and capitalist, as well as every usurer, would find his property, so far as it has been lent out to others, increased 20 per cent. while every debtor throughout the length and breadth of India would find, his debts augmented in the same way. The result, therefore, would be that the Government, the official classes, bankers, landlords and usurers would all receive 20 per cent. more of the property of the vast population of India. There would be a sweeping transfer of property from the producing working millions who create the wealth and make the prosperity of the Empire to the servants of those millions and to the parasites who prey upon them. We would ask any sane man whose brain has not been meddled by currency disquisitions beyond his capacity, whether this is a project that ought to be listened to for a single moment? Whether it is to be thought of that the whole strength of the British Empire should be used to impoverish the hard working millions, and to enrich usurers and Government officials? And if it is not, we would urge upon public opinion to reject so monstrous a proposal with contumely.”

Mr. Dadabhai Naoraji giving his evidence before the Fowler Committee in 1898, said:

“The closing of the mints was illegal, dishonourable and a despotic act. It is a violation of all taxation Acts, by which there was always a distinct contract between the Government and the tax-payers based upon the fundamental principle of sound currency, i.e., of a certain definite rupee.”

Mr. Darling of the Punjab, who is a well known friend of the agriculturist, only the other day, wrote:

“The drawback of the 1s. 6d. ratio is, that in benefiting the consumer, importer and creditor at the expense of the producer, exporter and debtor, it is likely to operate to the disadvantage of the agricultural community, that is to say, to the disadvantage of the majority of the country. To take but a single instance, the rise in the gold value of the rupee from 1s. 4d. in 1917 to 1s. 6d. in 1925 added 12½ per cent. to the gold value of India's agricultural debts, so far as the latter was incurred before 1918. The importance of this is evident from the fact that this debt has been estimated at 600 crores.”

I could give more such quotations if time permitted, but I shall just draw attention to one other very important fact. The Babington-Smith Committee was appointed in 1919 . . .

**Mr. President:** Order, order. The subject of the Babington-Smith Committee is a very big one and the time of the Honourable Member is up. I expect the Honourable the Pandit to co-operate with the Chair in keeping Members to the time limit.

**Pandit Madan Mohan Malaviya:** I will finish in a minute, Sir.

**Mr. President:** I would like the Honourable Member to conclude his observations as soon as possible.

**Pandit Madan Mohan Malaviya:** It is well known that Mr. Dadiba Dalal, who was a member of the Babington-Smith Committee, 4 P.M. recommended that the ratio should be fixed at 1s. 4d., and I should like to invite the attention of the House to only two of his recommendations and close my remarks. He recommended:

“(1) That the money standard in India should remain unaltered; that is, the standard of the sovereign and gold mohars with rupees related thereto at the ratio of 15 to 1;”

and

“(2) that the gold mint at Bombay to be continued and to receive gold bullion from the public and to coin free of charge gold mohurs of the same exact weight and fineness as the sovereign and to hand them over to the tenderers of gold bullion in less than 15 days.”

Those, Sir, are the conclusions to which I have come by the careful study I have made of the question, and I hope that every Honourable Member who feels an earnest interest in the welfare of the people of this country, and I feel sure every Honourable Member does, will give this matter his most solemn consideration before arriving at a decision on it.

**Mr. Sarabhai Nemchand Haji** (Bombay Central Division: Non-Muhammadan Rural): Sir, in offering a few remarks in course of this general discussion on the Budget, I would like to supplement the few remarks that fell from the Honourable Mr. Chetty with reference to the form in which the Budget is presented. Attention has often been drawn to the fact that the various heads of Demands that are presented to us are not placed in a proper and scientific form which will enable a reader to form, at a glance, an idea of the principal heads under discussion; but I do not wish to take too much time of the House with a discussion of this question; therefore, I would merely suggest that the Honourable the Finance Member might consider the desirability of having all these heads of expenditure put under three main headings, namely, the heading dealing with national defence, the heading dealing with subjects under national administration, such as those under Numbers of Demands 16—22 and 27—44, and lastly, the heading of national development, dealing with Numbers of Demands 23—26 and 45—69. That much, Sir, with regard to the headings under expenditure the details of which could be easily worked out by the Finance Department. I would now like to say something about the headings under revenue which could very easily be classified on any principle that the Honourable the Finance Member chooses, namely, that the taxes are direct and indirect or to make the classification more detailed and in view of the peculiar nature of our income that certain heads were taxes from income, that others were receipts from public monopolies or commercial services, and that the miscellaneous receipts be given whatever heading is considered desirable. All that I wish, Sir, is that, we should be able, when we open the relative pages of the Demands for Grants and other papers, to get an impression of some sort of a scientific classification which we miss to-day.

Since I am on this subject of the form of presentation of the Budget, I would also like to draw the attention of the House and of the Honourable the Finance Member to the date of such presentation. We, in this

country are so far merely following the English practice in having our year ending with the 31st day of March,—a system which has definite advantages in England, but at this moment, I do not want to go into the details of this subject; I would, however, suggest for the consideration of the Honourable the Finance Member that, considering the seasonal character of the trade conditions that prevail in India, it would be better if some other more natural date were fixed, for the commencement of the fiscal year, say, the 1st of October, or even the 1st of November, that is, after the monsoon is over.

Coming now, Sir, to the discussion of the Budget proper, I find that so far as the figures presented to us are concerned, we suffer under all the three heads on which I propose to make a few remarks. First of all, Sir, we find that a large amount of our poverty is the result of our military expenditure. It is a subject which has been very much discussed by public speakers and writers in this country and it is also a subject which has been discussed in the course of this general discussion. My only contribution to the subject would be, Sir, to say that I think it would be possible, if the authorities have only the will, to reduce the Military Budget by at least a few crores, if, as the Honourable Pandit Madan Mohan Malaviya suggested just now, the system of Indianization is introduced. After all, Sir, the army consists of the personnel and equipment. We all want that our army in India should be as well equipped as the most modern army in Europe, but along with better equipment, it should always be possible to reduce the number of men required. That being so, we could surely effect considerable economy if the numbers were reduced; we could also effect further economies if the numbers of Europeans were reduced and the numbers of Indians increased. Moreover, Sir, in this connection, I would point out that in this country we have not got in our military forces the system of an active list and the reserves, a system which prevails in a large number of the European countries to-day. You will find that in the case of France the reserves are as high as four times the number of the daily strength of the army. In the case of Germany, the number of the reserves is over five times the number of the ordinary strength. Now, this happens in a country where, as we all know, a large portion of the national expenditure is made with regard to the army and yet it will come as a surprise to the Honourable Members that the cost per head of the soldier in France and Germany is lower than the cost in this country. It should be possible therefore to have a proper policy not merely with regard to the personnel of the active army but also with regard to the reserves. And in addition to all these points, it should be possible to reduce the military expenditure in India by following a general policy which will have two different phases. In this country, so far as the military expenditure is concerned, we do not seem to have anything like a peace policy. It is admitted by practically every one that the army in this country is always kept on a war footing. Now, that is a state of affairs which does not prevail anywhere else and there is no reason why such a state of affairs should prevail in India, and one of the reasons why we in this country fail to differentiate between the war strength and the peace strength of an army is to a large extent in my opinion due to the fact that we have not got a civil head of the military which is the constitutional practice by which the military expenditure is controlled and governed in various countries of the world. How far this system is desirable will be known

[Mr. Sarabhai Nemchand Haji.]

to the Honourable gentlemen who must have followed in the old days the discussion arising in the course of the Curzon-Kitchener controversy. How far Lord Curzon was correct in insisting upon a civil control of the military was established when, as a result of his policy not being followed, you had troubles with regard to the Mesopotamia campaigns, and though it is now true that some effort is being made to have collaboration of the civil side with the military by having the Army Secretary, I suggest, Sir, that the time has arrived, if Indian expenditure is to be reduced on the military head, when the whole subject of the Indian Army and Defence should be placed under a separate Executive Councillor, a civilian and if possible an Indian, so that under the new auspices we might have normally an army required according to our peace necessities, we might have a growth in the Indian personnel and we might thus bring about great economies in the maintenance of that army. As I said before, that is a head under which we might save a lot of money.

And now I come to my second point, namely, that we are not so strict about getting the full amount of our dues from the heading of taxes from income as we should be. In this connection, I want to draw the attention of the Honourable House and of the Honourable the Finance Member to the facts which have been divulged and which are referred to in the Report of the Taxation Inquiry Committee. Various persons get exemptions from the Indian system of income-tax and these exemptions, I submit, are such that they could very well be brought in under the Indian system and collected to the lasting benefit of the Indian revenues. It is usual, Sir, to exempt the income of people resident in other countries who are deriving their income from Indian sources. It is also usual not to tax the income accruing in other countries of persons who are resident in this country. Moreover, no tax is charged upon the interest which accrues on the sterling securities; nor is any tax levied upon the profits of foreign firms which have only branches or agencies in India. And lastly, no tax is charged upon the Indian earnings of foreign shipping. All these matters, I might say, without going into details, are matters which show clearly that there is, in the assessment and collection of the Indian income-tax, an unwholesome application of the principle of British preference,—which is injurious to the economic interests of India—because, you will find that a large number of people who benefit under these heads and whose incomes are exempted under the present day system are as a rule Europeans largely resident in Great Britain and Ireland and to a small extent resident in other parts of Europe. When we find that we lose as a result of this neglect of duty about 5 crores of rupees every year, the House will readily understand why it is necessary that we should not allow such a good source of income to go unutilised. Of course I know we will be told that international agreements do not allow of double taxation. But, Sir, if double taxation in some cases is not to be levied, why should India give up her share and not the other countries in which the income is spent? So much, Sir, with regard to the second point I wanted to make, namely, the addition to our revenues which we might get if we properly put into operation the various sources which are open to us to-day.

Lastly, Sir, I would like to draw the attention of this Honourable House to the third main reason why this country continues to be poor.



I have already given you the first two reasons, namely, that the military drain is very large and secondly that we do not make as large an income as we should out of our existing system of taxation. Lastly, Sir, Government is utterly callous to its functions in so far as the development of the industries and commerce of this country are concerned. The national activities under these heads may be divided into the agricultural industries, the manufacturing industries and what I might call the commercial industries. Now, we will find on an examination of each one of these heads that the Government has done very little, except perhaps to institute inquiries. Take, for example, the case of the agricultural industries. We find that at last—I do not know after how many years of British rule and after how many years of agitation in the country—an Agricultural Commission has been appointed. I do not know what action will be taken on it, but at least it is gratifying to know that a Commission has been appointed. But my charge against the Government is that Commissions were not appointed earlier and that very little has been done so far to enable India to earn more money under the agricultural head. Almost the same might be said of the manufacturing industries, but there, of course, the story is a bit brighter. We find that Government has done something in order to establish the iron and steel industry in this country and the policy of protection is being followed in other industries after due investigation by the Tariff Board. But in regard to that matter even, is it not a fact, Sir, that for years together our Industrial Conferences pressed and our public platforms asked for a policy of protection, and it was only under the auspices and the pressure of this Assembly that the Fiscal Commission was appointed and its recommendations accepted by the Government and the policy of developing Indian industries by means of protection was adopted. Lastly, I come to what I call commercial industries, banking, shipping and insurance. So far as insurance is concerned, we all know that a large portion of the profits under this head leaves the country. We should, therefore, have in this country legislation similar to that existing in Canada and elsewhere and we should adopt a system under which the profits of these activities would remain within the country. Secondly, with regard to banking, we find that very little has been done to develop Indian banking, and only the other day when I put forward my Resolution with regard to an enquiry in connection with this subject, I was asked by the Honourable the Finance Member to withdraw the Resolution. Now that it is difficult to find time to finish that discussion which was initiated when the Resolution was moved, and the Honourable the Finance Member has told me that unfortunately there is no time for further discussing that subject during the present session—I hope that if there is no time now for further discussing that subject, no time will be lost in instituting a banking enquiry along the lines I have suggested. Lastly, I come to the subject of shipping, and there are very many things to be said. . . .

**Mr. President:** I know that it is the pet subject of the Honourable Member. But he must know that he has only half a minute left.

**Mr. Sarabhai Nemchand Haji:** Then, Sir, with your leave, I propose to resume my seat.

**Mr. W. S. Lamb (Burma; European):** Sir, I desire within the short time at my disposal to talk about Burma, and rising as I do at this late

.[Mr. W. S. Lamb.]

hour, I may express the hope that the Honourable the Finance Member will be better able to bear in mind the few remarks that I am about to make. I shall come in due course to certain questions which are controversial, but before I do so, I should like to render my thanks to the Honourable the Finance Member for the remission for the year to come of the provincial contribution. For myself, my sense of satisfaction and gratitude has been somewhat diminished by the considerations which were so ably put before the House yesterday by the Honourable Member from Madras. I listened to his speech and his closely reasoned arguments with real pleasure, for I feel with him that in submitting to us the figures showing the debt reductions of the Central Government I think considerably credit might have been given to individual provinces, and in particular, to Burma. In the matter of hides and the remission of the duty, I am not with our Honourable friend Mr. Prakasam. The hide business in Burma has been almost irretrievably ruined by this hide duty and the news of its remission will be received in Burma with very great relief. For once, Sir, there is one particular duty which Burma practically alone "enjoys". I am referring to paragraph 41 of the Finance Member's speech in which he tells us:

"There will be found included in the Finance Bill a provision for removing to the list of articles which can be imported free of duty rubber seeds and rubber stumps which are at present subject to a duty of 15 per cent. *ad valorem*."

It might be held that there is a little window dressing in this paragraph. Conceivably provincial readers might conclude that this means something in the nature of a windfall for Burma. I am led to make this remark from the fact that our Honourable friend Mr. Jammadas Mehta in speaking of Christmas presents included this duty with others and seemed to think that it is possibly on the same lines as the remission of the tea duty; but as the Honourable the Finance Member has said the duty has been inconsiderable. To do justice to the Honourable the Finance Member I may say that this duty has been very much resented by planters in Burma. In its operation a thing like this may happen. 20,000 stumps may be despatched from the Straits to Rangoon and on arriving in Rangoon 15,000 stumps may be found unserviceable, but they have to pay the duty on that 15,000. For that reason planters will be very much gratified by the remission of this duty. I now proceed to say something about the financial relations between the Central Government and Burma and to express my own feeling about those relations. I may say that as I go abroad in India and see broad highways and noble bridges and edifices and when I sit in my place here and hear talk of surpluses and redemptions of debt, I have two words ringing in my head "Burma money—Burma money". This morning our Honourable friend Mr. Haigh told us that in discussing the Meston Award some years ago he and his friends went to zoology for certain terms for describing their colleagues. I do not know whether my Honourable friend Mr. Tonkinson would use the term "milch cow" in relation to Burma. I do not like the term because the milch cow is at certain periods entirely dry. Burma from that point of view is never dry. For evidence of that and for justification of the feeling I have I think one need not go further than the rice duty. Honourable Members will find if they turn to the yellow book that in the year 1925-26, for which we have actual figures, this duty produced for the Central Government in Burma alone Rs. 1,19,68,142. Sir, that is a

very large sum to take out of any province and I should like to show Members in what manner Burma is affected and in what degree the Central Government's funds benefit, and not merely that, but the profit which goes to every province in India which has rice to export. Sir, in 1925 a certain Resolution was passed in the Legislative Council of Burma, and in terms of that Resolution and as in duty bound the Burma Government addressed the Central Government in the matter of this duty. They represented that either it should be withdrawn or that the funds that accrued from that duty should be given to Burma. In submitting their appeal the Burma Government went very exhaustively into the figures, and I should have been quite happy to have seen a copy of their communication in the hands of every Member here. Later perhaps when we may have more time to discuss Burma affairs, it may be possible or desirable to arrange this. To-day, I shall content myself with giving them one or two extracts. Let it be said, Sir, before I come to figures, that the Local Government differs from the Central Government in its view of the incidence of this duty. We in Burma say that because Burma has no monopoly of the production of rice, this duty falls upon producers. The Central Government on the contrary hold that the entire cost of that duty will fall upon the consumer and not upon producers. In support of their view they quote the Indian Fiscal Commission and the Taxation Inquiry Committee. We on our part consider that we are supported by the Secretary of State, and I should like to quote what he said in the matter. In 1912 the Burma Government had considered the possibility of putting a small cess upon rice in addition to the duty which already existed and the matter was submitted to the Secretary of State. In their Despatch the Secretary of State in Council pointed out:

"The essential difference between an export duty on a commodity of which the exporter holds a direct monopoly and a similar duty on an article which has to compete with the produce of other countries."

In the former case they remarked:

"of which the small export tax imposed on jute is a good example, the importer must pay the duty or go without the commodity. In the latter case the result of an export duty is to handicap the exporter in his competition with foreign countries."

And they added:

"In the case of rice it cannot be said that Burma has anything approaching a monopoly of the trade."

That was the view of the Secretary of State in 1912. Now, Sir, proceeding on the assumption that their view is the correct one, in this communication to the Government of India the Burma Government quoted from a note under the budget head prepared some time before, and this is what they said. In the notes under budget heads by Mr. S. A. Smith, on which Sir Reginald Craddock's minute was based, it was stated, on the assumption that the whole of the tax is borne by the producer:

"that it constitutes an additional impost of the nature of land revenue amounting in 1913-14 on direct exports from Burma to an incidence of Re. 0.89 per head of the entire population—an amount greater than the incidence of the whole ordinary land revenue in Bengal or Bihar and Orissa—and an incidence of Re. 1.33 per head of the population engaged in ordinary agriculture."

[Mr. W. S. Lamb.]

That is for the year 1913-14. That, Sir, I submit, is conclusive, and the figures apply with even greater force to-day when we remember that the 1925-26 actuals represent Re. 1 per head of the whole population in Burma proper. So much for the central revenue. Another comparison which the Burma Government have made may be read :

"For the year 1923-24 the export duty on rice amounting to Rs. 92,50,914 represents a sum equal to 23.76 per cent. of the total land revenue actually secured by the province proper."

23.76 per cent.: this compares with the next higher province, namely, Bombay, whose figures on the same basis of comparison were 4.84 per cent. But, Sir, it is not merely that the central revenues benefit to the profit of all the provinces; here is also the fact that the Burma exports to India enable producers to send rice out of the country, and I think it is a fact which can be proved to demonstration that if Burma had no surplus the producers of rice for export from India would be very seriously affected, if they were not entirely washed out. To give Honourable Members some idea of this, I will again quote from a letter of the Government of Burma. They showed that during the 20 years 1904-5 to 1923-24 Burma exported to India 12,956,339 tons of rice and 2,955,606 tons of paddy, an average for the 20 years, of rice 647,817 tons, paddy 164,900 tons yearly. I cannot in the time at my disposal say all that I should like to say: I suggest that these figures speak for themselves of the severe handicap under which Burma is labouring and moreover of the enormous benefits which accrue to India in general out of that rice duty. Honourable Members will readily guess what the response of the Central Government was. I should not be speaking now if the reply had been favourable. We had a reply in September last which was unfavourable, and I suggest it is significant of the attitude of the Central Government towards Burma that in September of last year, the Honourable Mr. Erayne, speaking for the Central Government, told Burma that the Central Government could not agree either to remit this duty or to give it to Burma; and one month later the Honourable the Finance Member, when he met the Burma Chamber of Commerce, addressed them in these words :

"If the reforms in India were to be worked as they were intended to be worked, it must be for the Provincial Governments, each of them, to develop its own resources and its powers of taxation."

Sir, may I ask the Honourable Member what he leaves to Burma? Sir, in this matter of the relations of Burma and India, I suggest that you will find a clue to the attitude of the Central Government on page 69 of the yellow book. Here it is stated in paragraph 3 :

"Burma is treated separately as it is a self-contained province and is out of India."

"Out of India," and yet, Sir, it is impossible for us, who are now considering the much vexed question of separation from India,—it is impossible for us to get a statement of what is owing by Burma or what is considered to be owing by Burma to India, that is, of what nature would be the settlement if we came seriously to consider separation. Racially, constitutionally, geographically different—there are these and other sound reasons why you should consider the separation of Burma from India.

But, however strong these reasons may be, however insistent may be the circumstances, or possibly the cry of "Burma for the Burmans," however urgent this and that may be, we cannot seriously consider this question until we have a proper appreciation of what it means financially. I think it will be wrong to consider separation merely from the point of view of the financial merits of the case, but as prudent people naturally we should know exactly how we stand. The Burma Government have tried unsuccessfully, the Burma Chamber of Commerce approached the Finance Member equally unsuccessfully. It is impossible, it is said, for the Central Government to give Burma the figures which they are attempting to get out of them. They say that the figures we have produced are not accurate, but do not offer anything as a substitute. I suggest to them, Sir, that in considering the ratio question, no doubt the figures they have taken into consideration have been all embracing. Surely with these in front of them they might arrive at some conclusion.

**Mr. President:** I would like the Honourable Member to bring his remarks to a close now.

**Mr. W. S. Lamb:** In two minutes, Sir. I was merely going to suggest that with these figures before them it should considerably help in giving Burma the figure which she wants. Further, in the Devolution Rules it is laid down that for Burma it would be  $6\frac{1}{2}$  per cent. of 90 per cent. That is a definite figure, not such as is put down, I think, for any other province, the figure being to represent Burma's proportion of any debt or deficit. It seems not an unreasonable supposition than in making that definite figure for Burma those who framed the rules had in mind eventual separation. Sir, in conclusion, I cannot expect very great sympathy from the Honourable the Finance Member in the matter of the rice duty. But I would put it to him that within the next year or two, we in Burma will have to submit our ideas to the Statutory Committee. Naturally in considering those matters, separation is distinctly one which will come before us and we cannot properly regard and consider this question of separation without the figures for which we have asked.

**Haji Chaudhury Mohammad Ismail Khan** (Dacca Division: Muhammadan Rural): Sir, for the fourth time in succession, the Honourable Sir Basil Blackett has presented a prosperity Budget, and I offer him my sincerest congratulations on this achievement; but at the same time I cannot congratulate the Government on the policy, the studied policy, of starving the nation-building departments. Sir, the Government by its utter disregard for education, sanitation, agriculture for the 150 years of British rule in India has lost all claim to the sympathy of the people of India.

Sir, if the Government had seriously thought about these matters they could have made considerable progress by this time. They want to make a beginning in 1927-28, but they have a most niggardly way of proceeding in the matter. Sir, they have provided for education only about 30 lakhs for non-recurring expenditure and a recurring expenditure from 4 lakhs to rise up to 10 lakhs in five years. This, to my mind, is nothing but a drop in the ocean. If they wished to do something real they should have made a good beginning by allotting more funds and making a programme which in five years' time would have given the whole of India compulsory primary education. Now, here I may be asked by the Government where is the money to come from. Sir, it is not difficult to reply to that question.

[Haji Chaudhury Mohammad Ismail Khan.]

The Retrenchment Committee recommended the reduction of military expenditure gradually to 50 crores. But in the next year's army estimate we find the figure to be near about 55 crores. Sir, as we all know, the frontier has been made sufficiently strong to protect India from foreign invasion. In the circumstances I do not think that there is any necessity for keeping such a large standing army in India unless it is required for the protection of Imperial interests. Sir, this is proved by the recent despatch of Indian troops to China, where India has no interest. To my mind, Sir, the Government could have easily brought down the army expenditure by a few crores and thereby made that sum available for expenditure on compulsory education in all the provinces. They could have also done away with the iniquitous duty on salt altogether, while on the subject of Army reduction I would request the Government to take early steps to re-organise the Territorial forces as recommended by the Territorial Forces Committee and thus save India the necessity of maintaining a large standing army.

Sir, I should now like to make an observation in regard to the export duty on hides. While approving heartily the abolition of this duty I must say that there should have been a corresponding increase in the import duty on finished leather goods. The reduction of the duty on hides will stimulate the export of raw hides from India and will encourage the import of finished leather goods at a cheaper price thus competing unfavourably with the young leather industry of India.

Before I sit down, Sir, I wish to appeal to the Government to cheapen postage stamps as the present rates entail great hardship on the masses of India. The Honourable the Finance Member has proved himself to be the rich man's friend by the abolition of the export duty on tea and the reduction of the import duty on motor cars, but he has done little to relieve the burden of the poor millions of India.

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban). Sir, if I rise to intervene at this annual ritual, it is to express my most emphatic dissent from the principle and policy of the Budget which has been presented to this House.

I really cannot understand what right I have got to express any opinion upon items which are given as non-voted items. When I find only 31 crores out of 125 crores of expenditure are regarded as voted items, and when those items are just the items which are the most useless to vote upon, and the items which really are most important, namely, the superior services and other items of the most vital descriptions, are taken out of the vote of this House, it is really impossible for one like me to take this Budget with all the seriousness with which it was propounded on the opposite side by my Honourable friend, the Finance Member. He told us last year—I happened to read his speech last year—that Indians were guilty of uneconomic tradition and he quoted Professor Rushbrook Williams as his authority. That is the only point upon which I happen to agree with him, because I consider that Members of this House have shown what in my part of the country would be called *Dakshaniyam*, that tenderness to the Finance Member and the transactions of this Government as disclosed in this Budget. I find that the day is still distant when it is possible for men like me really to do business with the Government. I cannot find that it is possible for anyone to discuss the principle of this Budget as rules

relating to the Budget require us to do, for what is the principle underlying this Budget? Is the Indian point of view, which should be the only principle, kept in sight throughout as it should be? In major items of expenditure, in the way in which the taxes are disposed, or the mode in which the budget is presented or in the grouping of the items, or in the order in which the budget heads are put, I find the Indian point of view is not kept. If there is one thing I should consider as a principle of a government budget, it is that the budget should be so framed as to produce the greatest happiness of the greatest number. That is the utilitarian philosophy which the modern world has accepted. Does the Budget promote the greatest happiness of the greatest number of the citizens of this country? I say clearly not. It is intended to promote the happiness of the fewest possible persons and those not necessarily Indian in outlook or interest, for what do I find? 44 per cent. of the expenditure is devoted to military purposes. It was stated by Sir Basil Blackett on the 7th of July, 1924, in his speech to the Indian Merchants Chamber that an unduly large proportion of the revenue is spent on the defence of the frontier. Simply because it has been reduced by one crore now it does not become the correct proportion of the expenditure. I liked from my point of view to hear the statement which was made by His Excellency the Commander-in-Chief as well as that by the Finance Member to the effect that no further reduction will be made in the military expenditure. There has been a weakening of the national forces in the country and the necessary stiffening has been provided by their speeches and by this Budget.

Sir, the point that strikes me at the outset is this. Has the Budget been presented to the House in the way in which it should be presented? When the maximum number of days that could be allotted are 11 to the discussion of the demands of the General Budget, four days having been consumed by the demands of the Railway Budget, and 15 days being the maximum number of days that could under the rules be allotted, I find only 5 days are allotted by the Government for the purpose of discussing these grants. I do not know on what basis it is done. There are 94 Demands for Grants. Is it to make it appear to us that each grant is a trivial thing or is it for the purpose of bringing almost all the Demands under the guillotine? I say these Demands should be presented within 20, 30 or even 15 budget heads. It would be quite sufficient if there was that number so that discussion could concentrate upon every one of the Demands. These elaborate account heads can be included as sub-heads under each Demand. It is not necessary to present this Budget as consisting of 94 independent grants upon most of which it will be impossible for Members of this House to express their opinions either by token cuts or otherwise within the short space of 5 days. If really a budget is to be presented for the scrutiny and discussion of the House, it must be so presented as to be capable of discussion and almost every Demand should, within reasonable limits be capable of being discussed. But if ever a budget was framed to escape scrutiny and discussion, this Budget is of that description. Then, Sir, the order of the grants proposed is also, I submit, thoroughly unworkmanlike. The departments of government should come first and the expenditure under taxes, customs and other things, should come later, so that the Members of the House who have grievances to air or points to discuss in connection with the grants may take up the discussion of the departments first. You, Sir, ruled last year that questions of policy in connection with taxes can be raised only in connection with

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the grants relating to departments. Therefore if you take Customs, Salt, Opium and things like that first and the departments concerned next, you really cannot deal with the policy in connection with these various grants dealing with expenditure until you come to the departments controlling this expenditure and the grants relating to those departments may never be reached. Therefore, Sir, I say that neither the number of days allotted for the Demands, nor the number of the budget heads, nor the order in which they are arranged is at all satisfactory. I would appeal to you, Sir, to advise the Government, if you find it possible to do so, so to present the Budget as to enable this House to discuss it with profit. Limited as is the power of this House to voted items which form only one-fourth of the total expenditure, limited as the power of the House is even in respect of these items to table only token cuts or substitute cuts and not to omit motions, limited as is the power of this House in various ways in connection with this matter, I say, Sir, it is vitally necessary that the budget discussion should be adequate to the importance of the subjects which are presented for discussion by this House.

Then, Sir, there is one other matter which I would like to mention. As I read section 67A. of the Government of India Act, it is open to this House not only to discuss these non-voted items but also to vote upon them, though, as I understand, the ruling given in England upon the matter is different. But the language of the section is clear, and it is, I submit, open to the House, if His Excellency the Governor General permits, not only to discuss the non-voted items but also to vote upon them.

These are the general observations upon the Budget that I have got to make. I do not propose to enter upon the budget technique or to go into these figures with any degree of rapture. All that I can say is that so far as the Indian point of view is concerned it is by no means kept in any part of the Budget. If we take the average income of the Indian—which is the only test by which the happiness of the country can be measured as by a thermometer—I find that the average income of the Indian remains exactly where it was. The net income is hardly more than Rs. 48 or Rs. 50 per annum and the gross income hardly more than Rs. 74 per annum; and this average income cannot redound to the credit of this Government but is the saddest commentary upon it and this Budget. The incidence of taxation in this country—I shall not go into the comparative figures of other countries—is, as economists who have dealt with the figures have pointed out (and I find that Sir Basil Blackett has written a foreword to Mr. Vakil's book), just double what it was in the pre-war years. Therefore, Sir, whether you judge it by the incidence of taxation in the country or whether you judge it by the average income of the Indian, which is what we should look at, there has been no progress made and nothing for us to congratulate ourselves upon. The expenditure remains more or less where it was and the taxation remains more or less where it was. Neither is reduced. I submit, therefore, Sir, there is really nothing to be proud of on the one head or the other.

Then, Sir, the only question that has been perplexing me for some time past is this currency question. But upon this question I do not propose to say more than one word. I would refer to Professor Keynes' statement



in connection with the appreciation of the sovereign in England. He says that :

“ Mr. Churchill's policy of improving the exchange by 10 per cent. was sooner or later a policy of reducing every one's wages by two shillings in the pound. He who wills the end wills the means.”

And, Sir, if I am in favour of the 1s. 4d. ratio, as I am, it is on the ground that it is as much in the interests of labour in the country as in the interests of anybody else. Because I want labour to benefit whether they are in Government service or in private service, mill labour or agricultural labour, the labourers should have an increase in the money wages over what they have at present. My point of view may be different from the point of view of others, but I say, Sir, it is on that ground that I am clearly in favour of the 1s. 4d. ratio. Sir, I do not propose to go into the other aspects of this currency controversy, for the very impressive speech of my Honourable friend Sir Victor Sassoon supplementing as it did the point of view which was offered by my Honourable friend Mr. Birla, convinced me quite clearly—because they have as much right as the Honourable the Finance Member and others on the Treasury Benches to form their own judgment, and have equal authority and equally good statistical knowledge of the subject—that what they have pronounced on this question in no uncertain voice is absolutely correct, assuming that it is not possible for others to form an opinion upon this subject. I do not say that it is very difficult to form an opinion upon this very common place and common sense subject. I do not consider it as an abstruse or recondite subject; I hope Members of this House will not regard this subject as of an abstruse or recondite character, or treat it as an excuse for, as my friend Pandit Malaviya pointed, succumbing to the blandishments of Government.

Then, Sir, I will only say this in passing, that the growth of unemployment in the country is tremendous. That is the one subject which ought to go to the heart of every one in India. By unemployment I mean the inadequate employment and inadequate pay also, and I consider that the unemployment problem, whether in the lower services or in the Salt Department, or the Customs Department or Postal Department, or of those who have no employment in the cities or villages, is the one problem which the Government of this country ought to face if it is to be called a civilized Government and if it is to discharge any measure of its responsibility which it says it has got. Sir, the unemployment problem has never been specifically dealt with at all by this Government. I therefore think, Sir, that Honourable Members of this House will receive the Budget in the way in which such a Budget should be received, namely, as one totally ignoring the fundamental rights of Indians to a larger life, and that they will not be captured by the cheap phrase of “romance of the 5½ crores in the Ministers' hands” and things like that. I yield to no one in rejoicing that the provincial contributions have been practically abolished, but for that I do not owe any measure of gratitude to this Government, because the plain fact is that these provincial contributions ought never to have been imposed. Not only that, Sir, by the remission of these provincial contributions nothing great is really done. The tax-payer is left where he was. Instead of one exchequer, the Central Exchequer getting all the money, the provincial exchequers are going to get these taxes. Therefore, why Members of this House should grow eloquent over this remission of provincial contributions is a matter which defies my analysis. All that I can say is that the taxation remains where it was,

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and instead of one Government spending it, another Government is going to spend it, and the extravagance of that Government or the inequities of that Government may be as much open to condemnation as it is here. I really do not feel that we should be enthusiastic over this. Sir, I have said these few words by way of merely pointing out that we on this side feel that the Budget that is before us is just the kind of Budget we expected. I do like such a Budget because those who feel that India ought to be administered in purely Indian interests and those who feel that the greatest happiness of the greatest number of Indians in India ought to be considered—the only point of view that ought to be kept steadily in view in the transactions of Government—I say those who feel that, have got this year a great and powerful leverage from my Honourable friend opposite. I think, Sir, that it is necessary for some of us not to yield to the tenderness or weakness which occasionally comes over us. I do feel that Indians have to learn to be businesslike, and one of the greatest compliments which we can pay to our friends on the Government side is that we should be as hard-headed business men as they. The more I come in contact with them the more I am impressed with their quality in this respect. Sir, we still lack that requisite equipment, and I hope that equipment will come soon. I do not think I shall be justified in going into

5 P.M. the other parts of the Budget. I have gone through the figures. They tell me a melancholy tale of mere stagnation in all departments of life, and particularly in those departments which are really, as they have been called, nation-building departments. I do not find our industrial progress is great. I do not find that education is really looked after as well as it should be. I do not find that the communal questions are solved as they should be by the Government and the people together. I was so glad to hear Pandit Madan Mohan Malaviya and my friend Mr. Kabeer-ud-Din Ahmed referring to them and I hope that we will soon come together and solve the large communal problems.

I will only say lastly that I very much appreciate the spirit and tone of the speech which my Honourable friend from Madras, Mr. M. C. Rajah, made and I am so glad my Honourable friend, Pandit Madan Mohan Malaviya reciprocated his sentiments. Mr. Rajah will find that people in Upper India are as much alive to the removal of untouchability and to the uplifting of the depressed classes as people elsewhere and if in the province from which I come it is still not sufficiently solved, the responsibility is as much with the Government as with the people and the communities to which I also belong. Sir, that is a matter on which neither the Government nor the communities concerned have any right to rejoice. And if Mr. Rajah felt bound to express his gratitude to the British Government for any relief, I cannot share to any extent that expression of gratitude with him. It is only after the Reforms Act came into operation I find the Government taking some interest in the depressed classes. I hope the grievances of the depressed classes will soon be remedied and they will come into line with the National Party quite as much as anybody else and there will be no difference between a member of the depressed class and any pandit in the land.

With these words, Sir, I again express my most unqualified dissent from the principle of the Budget, for I have failed to see any intelligent policy or any principle in this Budget except the most mischievous principle of keeping us in subordination.

**\*Khan Bahadur Makhdum Syed Rajan Bakhsh Shah** (South-West Punjab: Muhammadan): Mr. President, I wish to give expression to my ideas in my native tongue, Urdu. Since yesterday a great deal of enthusiasm has been evinced for the Budget in robust English speeches, and I feel reluctant to deprive Urdu of its due share. The fact of one's agreeing or disagreeing with the details of the Budget surely cannot reflect on the efficient and painstaking preparation of it by the Honourable the Finance Member; it deserves our sincere approbation, and his pains and labour over it cannot be passed by without applause.

Although the Honourable Member seems to have tried hard to bring the receipts and the expenditure to the same level, yet there is much scope for improvement. The poor subject race of India is being weighed down day by day by the heavy land rentals, irrigation charges and taxation. There are millions of them who cannot afford to have a square meal during the twenty-four hours of the day. In spite of the fact of a constant show of sympathy on the part of the Government towards the rural population, it always enhances the land rentals, irrigation charges and taxation. If the Honourable Member by observing economy in some of the phases of expenditure could lighten the above burdens, to which the poor subjects are exposed, nothing could be more appropriate. Observing the expenditure of the Army we find that the major portion of the receipts is absorbed by that department: when we compare the expenditure of the two forces, Indian and British, the cost of the British troops is as much as seven times or more than that of the Indian troops. Under the circumstances, if Indians were recruited more extensively both as men and officers, expenditure side would be rendered more hopeful. In the last Great War the Indian Army gave adequate proof of its loyalty and valour, and now it cannot be maintained that it will prove inefficient for the defence of the country. The power and integrity of a Government can be established more by winning the hearts of the people than by guns and aeroplanes.

The disturbances and upheaval in the country are mostly due to unemployment and poverty, and the foremost duty of the Government appears to be to procure the means of employment for the unemployed, and remove the conditions of poverty. Consequently it is necessary to replace the British element both in the Army as well as in other departments by the Indian, consisting of a just proportion of Hindus and Muhammadans.

There prevails a religious freedom in India, which is an invaluable gift of the British rule, and even most clashing elements are made to live together; so a discrimination between the whites and the blacks is certainly unjust. The Chaplains and Bishops of the Christian Church are paid out of the royal treasury for their services by the Government, while no such remuneration is paid to the Muslim or Hindu priests.

There are a number of items in the department of Railways which claim our attention. A substantial portion of the receipts of the Railways are derived from third class passengers but no adequate means have been adopted to ensure their greater comfort and convenience.

Particularly to establish amicable relations between the Indian subjects a provision should have been made for at least a crore of rupees, and the amount should have been expended on the tours of a committee composed of Assembly Members, officials and outside leaders, with a view to bring about reconciliation and unity between the Hindus and Muhammadans, as the Khilafat and Swaraj Funds are no more rich enough to carry out such a project successfully.

[Khan Bahadur Makhdum Syed Rajan Bakhsh Shah.]

I very much regret to say that the Honourable the Pandit Sahib, the Swarajist leader, the Honourable Mr. Jinnah and the Honourable Pandit Madan Mohan Malaviya made no effort to secure the above amount in the Budget. In view of the Government's constantly showing such a gratification and interest in the prospect of a genuine Hindu-Muslim reconciliation and unity, it was most important that the Government on its own initiative should have reserved a crore of rupees for bringing about this object, and enabling the leaders of the nation to utilise the amount in the best possible ways for establishing reconciliation and unity between the two communities, and thus securing the foundation of Swaraj.

(Several Honourable Members then rose to speak and the Honourable Sir Basil Blackett also rose to reply.)

**Mr. President:** I do not know if the Honourable Members desire to go on.

**Several Honourable Members:** Yes, yes.

**Mr. President:** If the Honourable Members desire to go on, the Chair has no objection. I am entirely in the hands of the House. Is there a general desire on the part of Members still to go on?

**Several Honourable Members:** Yes, yes.

(The President then called on Lieut.-Colonel H. A. J. Gidney.)

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, at this hour of the evening, with a very tired House, my remarks will have to be very brief. I join with the rest of the House in offering my sincere congratulations to Sir Basil Blackett for the prosperous Budget he has presented to us. I refrain at this juncture from making any remarks on the Budget except certain aspects of the military expenditure.

**Mr. President:** I hope the Honourable Member will be as brief as possible.

**Lieut.-Colonel H. A. J. Gidney:** I will, Sir. I agree with what His Excellency the Commander-in-Chief and my friend Sir Walter Willson said that under the present conditions it would be next to impossible to reduce the size of the army by a single man or a single rifle. But I agree with Sir Walter Willson when he added that this did not mean we should give a blank cheque to the Army Department for it to use as it likes. I submit that there are measures of economy and retrenchment that could be tapped in the Army Department. I shall however refrain from referring to them till the time when we discuss the Demands for Grants. There is however one aspect of the Military Budget which concerns me more deeply and on which I am glad to have the opportunity of remarking. There is one avenue in which reduction could be effected in the military expenditure and that is, in the military medical services. I have referred to this in detail in my previous budget speeches and I feel I must do so again to-day. The matter refers to the utilisation of officers of the rank of Major in the R. A. M. C. in the performance of junior officer's duties in British military hospitals. I consider this needless expenditure, unfair to the Indian tax-payer, and that great retrenchment and economy could be effected if British qualified I. M. D. officers were used for these junior appointments. I now come to a point of great importance to my community. I refer to its utilisation as a measure of military

economy, in certain ancillary branches\* of the army. I desire to thank Colonel Crawford for having put a certain question to His Excellency the Commander-in-Chief. When I listened yesterday to His Excellency's reply I can assure you that I was literally staggered. I only hope that His Excellency was taken unawares by the question that Colonel Crawford asked him and that his reply is not the final word on the subject. I am given to understand that this matter is still under the consideration of the Government of India and the Secretary of State for India and I hope that the last word has yet to be said on our employment in the army. His Excellency the Commander-in-Chief in his speech said (1) that he had the greatest sympathy for us in our trouble, (2) that through no fault of our own we found ourselves placed in a most invidious position, (3) he was most anxious to do all he could to help us, but the difficulties were great and were economical ones—the ancillary services are where he desired to employ us—Signal Units, Transport, etc. He further said that the Anglo-Indians were :

“Men who stood by us extraordinarily well from time to time in fact always \* \* \*  
\* \* but the difficulty is an economical one, and if one can get over that we shall be very glad to take them in. If Anglo-Indians are prepared to come in on the terms on which we enlist our Indian soldiers we would be only too delighted to take them on and do our best for them, but, if we have to pay British rates of pay, it is almost impossible from the economic point of view to be able to carry out the scheme.”

I appeal to my Indian friends, Honourable Members on the opposite side of this House to remember that my dispute and complaint are not with them. I have no quarrel with them, my complaint is with what His Excellency said and to point out to His Excellency and the Army Department certain facts in connection with the Anglo-Indian community which they have evidently forgotten. I repeat, His Excellency's reply staggered me for more reasons than one. I did not ask for his sympathy, we have had so much of it and sympathy is a starvation diet. As I said, I have no controversy with my Indian friends on the other side for I do not desire to replace them in the army. I have no objection whatever to the Army Department calling me anything it likes. No truer word was uttered than when His Excellency said that our position was an anomalous one, and it is on account of this impossible status that all my difficulties have arisen both in the Army and Civil Departments. Sir, it will interest the House to know what this invidious and anomalous position really is—one, that is not of my seeking. Standing here alone in this House of 150 members to defend the interests of my community, I beg of my Indian friends not to misconstrue what I am going to say on the initial handicaps Government has itself imposed and to which I take very serious objections. For occupational purposes I am called a statutory native of India. For the defence of the Empire I am called a European British subject. For social purposes I am called an Anglo-Indian. Should I desire to enter Dehra Dun or Sandhurst, I, on my own seeking, can do so only as an Indian. I am told now by His Excellency that if an Anglo-Indian wants to enter any of the ancillary branches of the army, he can only do so on the wages and terms on which Indian soldiers are enlisted. Sir, during the last war the Anglo-Indian was freely enlisted although his two previous offers for service were rejected by the Army Department. There was no talk whatever then of enlisting us on the terms and salaries of Indian soldiers. After the war we in common with others were discharged. We now seek admission into it and we are told that we can do

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so, but only on Indian terms and rates of pay. Why this change of heart? Why this change of front on the part of the head of the army in India? The doors of both armies are closed to the community to-day and, why? The Indian army is closed to me because (1) it is constituted on the caste system and there is no Anglo-Indian caste in its composition—indeed we have no caste. (2) It is impossible for me to live on Rs. 15 to 20 per month, the Indian soldier's pay. The British army is closed, because I am not a pure Britisher. As a community I have for a century sought for and been refused admission into the British army or a unit of any one—no reasons have hitherto been given. It is only now in 1927 after the Reforms and the cry to Indianise the army, I am told, I can be admitted, but only on the same terms as Indian soldiers. His Excellency said that it was an economic difficulty. I agree with His Excellency. There is however a different significance in the meaning of the word "economy" as we both view it. His Excellency views the term economy as an army economy. My idea of this economy is my standard of living. Give me a salary according to my standard of living and it matters not what you call me. I have never asked to be given the same pay as the British soldier. My submission to this House is that in seeking admission into the army my community wants a living wage and we are prepared to accept less than the British soldier gets to-day, but we cannot possibly live on an Indian soldier's wage. All I ask from His Excellency is to give me a living wage according to my standard of living. I am really surprised that His Excellency asked the Anglo-Indian to accept admission on the terms of Indian pay. Surely His Excellency, who has lived his life in this country, realises that it is impossible for a community brought up, as we have been, to exist on a monthly wage of Rs. 20 or Rs. 18 or less. It is absolutely impossible to do this. I cannot perform an economic somersault. If the opposite Benches desire to have less foreigners as they wrongly call the Britisher in the army, I ask them not to look upon me as a foreigner. I am no foreigner to India. It is equally my home as it is yours. I ask to be given my proper place in the army, the same status that I have always occupied in the Auxiliary Force during peace and war, namely, European British subjects. To my Indian friends this keen desire to enter the British army as European British subjects and at the same time to seek admission into other employments as statutory natives of India might sound very anomalous, but it is not of my seeking. I have been given this conflicting and anomalous position and so long as the Indian Government gives me the status and rights of a European British subject in the Auxiliary Force, the second line of defence of the British army in India, so long will I press my claims and my rights to be accorded those privileges and rights given to all other European British subjects in India. I shall not take up the time of the House by relating our military services to India and to the British Empire. I shall confine myself to our military services during the late War. During the late War, the Anglo-Indian community whose male population—those capable of bearing arms on active service—was about 45,000, supplied nearly 10,000 men to the active army in various theatres and besides this an additional 25,000 men to the Indian Auxiliary Force which maintained peace and security in this country at a time when there were very few British soldiers. During the past Great War hundreds of our men joined the I. A. R. O. We supplied hundreds of our men to the

ancillary branches into which we are to-day seeking admission. Hundreds of our women went out as nurses. Hundreds worked in the Posts and Telegraphs and Railways, water transport, embarkation. Practically the whole of the St. John Ambulance work was done by the Anglo-Indian community. We also supplied the Anglo-Indian Force, the Anglo-Indian Battery, the Volunteer Battalion of artillery and hundreds of our men in the Indian Medical Department. Besides these we supplied about 25,000 men to the Auxiliary Force who maintained, as I have said, law and order in this country during the War. The two brave and gallant air force officers, Lieuts. Robinson and Waneford who brought down the two German zeppelins were of this community. A number of our boys fought with New Zealanders as New Zealanders in Gallipoli and gained distinctions. Then I ask you to visit our public schools in India and see the tablets in honour of our glorious dead. I offer this as Anglo-Indians' humble yet loyal tribute of service and sacrifice to the Government of India and the British Empire. There was no talk then of engaging me in the army on Indian wages. I was readily recruited as a European British subject and on the same pay and privileges as British soldiers. Do His Excellency and the Government realise what this contribution amounted to? It means that in England's hours of trial the men of the Anglo-Indian community threw aside their economic interests and welfare and gladly gave 75 per cent. of its manhood for King and country. I challenge a parallel war contribution from any other part of the Empire; and what are we offered in return to-day by His Excellency? Enlistment in the ancillary branches of the Army, but only on the terms on which Indian soldiers are enlisted. We cannot be enlisted on British terms of pay. Is this fair to my community? But, Sir, times have changed and the Army Department now looks on things—military renewals—in terms Indian—provided of course their own terms—British—are not violated or curtailed and I—the Anglo-Indian—the European British subject—the Statutory Native of India is not wanted except as a convenience. I ask, Sir, "What terms are you going to give the Anglo-Indian in return for our duty and our sacrifice to the Empire? Is the Army going to forsake the community? If it does, will the Government consent to deprive the community of that recognition and status which is its due?" I do not ask for any differential treatment. All I ask is an honourable place in the army and on a living wage according to my recognised standard of living. Sir, no other race, sprung from any other European nation, has borne the burden of the white man as loyally and as submissively as has the Anglo-Indian, but we also have awakened and we claim from the Government of India, we claim from His Excellency the Commander-in-Chief much more than the sympathy which he has given me. We claim from him something more. We claim adequate military recognition. We claim the treatment that we deserve and which we, in our sacrifice, loyalty and devotion to the Empire, have thoroughly earned. Has His Excellency reflected what effect his pronouncement of yesterday will have on the morale of the 20,000 Anglo-Indians who form the Auxiliary Force to-day when they read in this morning's newspapers, that they could not join the Army except on an Indian soldier's wages—a mere pittance of Rs. 20 or less a month? I wonder if he thought of this when he made his statement. I am only hoping that the question was an unexpected one and he was taken on the hop. I am also still hoping that this is not the last word on the subject. Sir Charles Innes stated in this House that

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the one thing a Britisher disliked and cannot stand, is to be accused of breach of trust. I would ask His Excellency the Commander-in-Chief and the Members of the Government to encourage me also in believing this of the Englishman. But if I am to be told to-day after my past record of service for the British Army that I can be enlisted only on an Indian soldier's terms and wages, then, Sir, you are straining and taxing my faith and trust in England very very severely indeed. But, Sir, after all, this is not an army matter. It is not a matter for the Army Department to settle. It is a question of high policy and is a matter for the Government of India to settle. If the Government of India considers that it is right and a desirable policy my community to be given an honourable place in the defence of this country, be it in an Anglo-Indian regiment, battery or the ancillary services—it is the duty of the Government of India to give the order to the Army Department and that Department has to carry it out. Sir, I feel very strongly on this matter. My one regret is that His Excellency is not here to hear my appeal for, I am sure, he would have appreciated the force and justice of my claim. Indeed I am still hopeful he will do so. I make this claim for my community, a claim which I feel I have every right to make for. I am fortified in it by the words addressed to us by His Royal Highness the Prince of Wales when he received the Anglo-Indian deputation on his visit to Delhi in 1923, when he said:

“Your devotion to the cause of India, the land in which you live, and your desire to maintain an honoured place for her within the Empire, do you credit. I shall watch the progress of your community with the closest attention. You may be confident that Great Britain and the Empire will not forget your community who are so united in their devotion to the King Emperor and who gave such unmistakable tokens of their attachment to the Empire by their great sacrifice in the war.”

Sir, I commend these words of His Royal Highness the Prince of Wales to the serious consideration of His Excellency the Commander-in-Chief and the Government of India. I ask them, in their desire to Indianize the Indian Army, not to forget the great part played by the Anglo-Indian community in the retention, maintenance and the development of this country; that the community has since its very inception been its most loyal supporter and helpmate in all things and at all times, no matter what the call has been; that the very birth of the community is due to the presence of the European in this country. All I hope is, that in this our hour of trouble and need, faced as we are with a daily changing India, we can still rely on the Government of India for that trust and for that help which they have in the past given to us and which I beg thankfully to acknowledge here. I sincerely hope that the Army Department in its treatment of the Anglo-Indian community will not forget our past military services and will remember that we too form an integral and component part of this great Empire in whose defence and army we claim a respectable and honoured place.

**Mr. Nirmal Chunder Chunder** (Calcutta: Non-Muhammadan Urban):

Sir, I do not understand why there should be any congratulations offered to Sir Basil Blackett at all. A surplus budget is no new thing in India. From 1899 to 1907 India had surpluses averaging over 4½ crores a year. From 1910 to 1913 India had surpluses averaging over 5 crores a year. and even in 1923-24 we had a surplus, although the exchange then stood at something between 1s. 4-1/82d. and 1s. 4-11/16d., sterling or 1s. 3-8/32d.



and 1s. 3½d. gold, but, as Sir Basil Blackett has himself admitted, on a 1s. 4d. basis this Budget is really a deficit Budget, so that it is by appreciating your money, it is by deflating your currency, that he has succeeded in giving you a surplus Budget. We may admire his dexterity, but we cannot praise him for what he has done. It is very clever of him, but certainly not very praiseworthy of him. And what were his opportunities, Sir? You know that our Indian industries have to compete with British industries. What were the circumstances when Sir Basil Blackett took charge of the Finance Department or shortly after? The cost of production had increased in England, wages had doubled in England, the burden of rates and taxes had grown enormously, manufactures were produced under a disadvantage, and in order to retain its financial position, England had appreciated its sterling by about 10 per cent. If he had taken advantage of these, if he had given us something like the M'Kenna duties, then within half a decade probably India would have been in a position to compel the English producers to skin their prices to bedrock and would have produced things very much cheaper than they can do now, and the Indian producers would have regained the China market which they are fast losing. So I for myself, Sir, cannot at all congratulate Sir Basil Blackett, and I do not see that he deserves any gratitude from us.

**The Honourable Sir Basil Blackett:** Sir, I must begin by acknowledging with sincere gratitude the compliments which have been paid to me personally by some Members of the House in the course of the 36 or 37 speeches which have been made in this debate. I would express my gratitude with particular pleasure in those cases, not very numerous, where the congratulations were not the conventional prelude to the inevitable "but" which followed. Nor must I forget to thank my friend, Mr. Amar Nath Dutt, for his graceful allusion to my father, quite rightly and appropriately brought in by way of criticism of the son. I should like also to congratulate my new old friend, Mr. Ashrafuddin Ahmed, on his maiden speech and also several others on their maiden speeches, including Mr. Shankar Rau and Mr. Gopalaswami Ayyanagar. There can be few legislative bodies which enjoy the privilege of possessing in their midst a *par nobile fratrum*, two brothers whose views on every subject are so entirely and diametrically opposed as those of Mr. Gopalaswami Ayyanagar and Mr. Rangaswami Iyengar. (Laughter.) Sir, after listening to the course of the debate, I am inclined to come to the conclusion that the Budget has at any rate some redeeming features. It would of course have been a very much better Budget if our revenues had been free from the taint of being supported by a super-tax, an income-tax, customs duties, export duties, land revenue, excise (*An Honourable Member*: "Opium"), in particular opium, or any of the other sources of revenue. The only source of revenue, I think, which has not been objected to fairly strongly in the course of the debate is our railway contribution, and that of course was wiped out last week. The Budget would also have been much better if on the expenditure side it had included a large subsidy for the Posts and Telegraph Department and an enormous sum in aid of provincial subjects, such as Education, Sanitation, Harbours and Agriculture. So, on the whole, I think I am content to conclude that the Budget is not such a bad budget after all. I can forget and forgive what Mr. Gaya Prasad Singh in his speech, brimful of classical and literary allusions, called apologetically the reluctant jarring note. If I may parody his eloquent condemnation of New Delhi and all its ways and

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works, I may perhaps say that something must be right in a budget which requires to be covered up with so much blame. Mr. Srinivasa Iyengar in his speech which he made a few minutes ago was the most whole-hearted, I think, in his condemnation of the Budget, refreshingly whole-hearted. I am sorry he is not here.

**An Honourable Member:** He has got his followers here.

**The Honourable Sir Basil Blackett:** He has got some of his followers. Perhaps they would convey to him my regret that the Budget seems to have brought the greatest unhappiness to a small number. He stated that 25 or 32 crores—I forget which—out of a total expenditure of 125 crores were voted and all the rest non-voted. The actual figures are, total expenditure 202 crores, of which voted is 92 crores 87 lakhs, non-voted 110 crores.

**Mr. R. K. Shanmukham Chetty:** Exclude railway working expenditure.

**The Honourable Sir Basil Blackett:** I do not see why we should exclude railway working expenses, which is voted just as much as anything else. The proportion of voted is therefore about 46 per cent. Mr. Mukhtar Singh made a very interesting speech, obviously earnest, about the necessity for more expenditure on encouraging cultivation of sugar, dairy farming, well irrigation and so on. I hope he and others, such as my friend Mr. Kasim and my Honourable friend who spoke in his vernacular just now, who are critical of the Government of India for not doing more for provincial subjects, will recognise that the constitution intentionally debars the Government of India from raising money from the central tax-payer for the purpose of enabling it to encroach, even in a beneficial way, on the sphere of Provincial Governments. It may be that the Statute has drawn the line rather too rigidly. If so, and if there is a border line where the Government of India might usefully intervene, the opportunity of the Statutory Commission will no doubt be taken to improve the present position. But we have done a good deal in that matter. A large increase of the organisation dealing with the breeding of new varieties of sugarcane was provided for in the current year and will involve considerable additional expenditure in 1927-28. This expansion has been justified by the remarkable results already obtained, which have made it possible in many cases to double the yield of cane per acre. Further development generally is being considered and will be considered when the Royal Commission on Agriculture's Report is available. This will cover dairying as well, although dairying is primarily the concern of Local Governments. Our province is research and we have interpreted our obligations very generously. We make provision not merely for agricultural research, but the highly specialised parts of instruction and training. The Imperial Research Institute have in fact paid special attention to the subject of sugarcane. For the present in any case it is obvious that the best contribution that the Central Government can make to the development of the beneficial nation-building departments in the provinces is what is proposed in this Budget, namely, the reduction of the provincial contributions. If that can be achieved without the burden of fresh taxation, there is little cause to complain about what the Central Government is doing and has done. After all a contribution of five crores and forty-five lakhs a year in one budget is something at any rate which is not inconsiderable, in addition to which there is the special provision for education which I mentioned in my budget speech.

I cannot follow Rai Sahib Harbilas Sarda into the question of the political status of Ajmer-Merwara. I do not know whether he was aware of the provision of two lakhs as part of Ajmer's share of the additional money for education in the centrally administered areas, but I gather that his point is that he wanted money for the improvement of teaching and not for the building of new schools. I do not know the details of the programme, but I can assure him that he has my special sympathy when he lays stress upon the superior importance of good teaching even over good accommodation in which the teaching is given. There is often too much of the shop window in the way of bricks and mortar in the provision made for new education.

On the subject of the new taxes, changes in taxes proposed in the budget speech, we have had passing references from a good many Members. I gather there is a division of opinion on the subject of the export duty on hides. I was glad to hear my friend, Harchandrai Vishindas, refute the rather superficial objection that the reduction of duty on motor cars is something which is for the benefit of the rich man. In my opinion few things are more important for the improvement of the position of the agriculturist in this country than that he should be brought near to his market. The substitution of good roads and motor transport for the present means of transport will, I am convinced, be of enormous benefit to the agriculturist and enable him to obtain a larger share in the ultimate selling price of his produce.

From the question of motor car duties, I should like to go for a moment to the question of military expenditure. One of the hopes which those who are keen on the improvement of roads and motor transport in India are entertaining is that the result of an improvement in motor transport will be to enable a considerable saving to be effected in our Military Budget by doing away with the necessity of keeping considerable amounts of heavy transport vehicles in cold storage which is a considerable item of expenditure in the Military Budget to-day. If the roads are bettered and there are large numbers of heavy lorries and other motor vehicles actually in use on the roads, it will be possible for arrangements to be made by the military authorities under which such vehicles will be available in time of necessity, and the military will be relieved of the burden of having to keep a number of lorries and vehicles idle and to some extent deteriorating and getting out of date.

**Nawab Sir Sahibzada Abdul Qaiyum:** They proved necessary for transporting troops from the Khyber to Thal in 1919.

**The Honourable Sir Basil Blackett:** I think there has been some misunderstanding on the subject of military expenditure. What I said in my budget speech was that only the sternest economy and strictest vigilance could prevent our expenditure from showing a tendency to rise rather than fall, and that we were very nearly at the minimum necessary for maintaining the army at the present authorised strength. Now I felt it my duty to draw the attention of the House to that point because in previous years I have, I think, expressed my own earnest desire to see a reduction of the military expenditure, at any rate to the figure of the Rs. 50 crores mentioned by the Retrenchment Committee, and I said only a year ago that I was impious enough not to regard that as a pious aspiration. I have been convinced by the experience of this last year that, on the present authorised strength there is not much room left for

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a reduction of expenditure, that any large reduction of expenditure with the army at its present strength can only be at the expense of the efficiency of that army, and I am sure there will be universal agreement that, whatever army it is decided it is necessary to keep, that army ought to be kept efficient. There are of course certain reductions in view, which were mentioned by Pandit Kunzru, in the automatic savings on the cost of the pay of British troops, but those are comparatively small, and I cannot hold out the hope that there will be any such large reductions in military expenditure in the years to come, if the army remains at its present authorised figure, as there have been in previous years, and in view of what I had previously said to the Assembly, I felt it my duty to draw attention to that fact. I do not yield to any Member of this House in my desire to keep our military expenditure itself to the minimum absolutely essential, but I will not be a party to reducing it to below what is essential, or having it cast in the teeth of the Finance Department that they are standing in the way of keeping the army that India has efficient.

A good deal was made of the point that this Budget does not provide for any reduction of taxation and that it does not, in particular, offer a reduction of the salt duty or a reduction in postal rates. Now, in regard to postal rates, I do wish the House would face the facts as they are. It may be that hereafter the growth in the traffic of the Postal and Telegraph Department will enable a surplus to be shown over working expenses which will permit of some wide extension of facilities and even of some reduction in rates, but I cannot refrain from expressing a personal view that with the large increase in the cost of living that has occurred since 1914, and with the legitimate demand for a higher standard of comfort from the employees of the postal department, a return to the very low rates for letters and postcards that existed in 1914 is not practical politics. It can only be secured at the expense of a large and growing subsidy from the general tax-payer to the Postal and Telegraph Department. Whether you separate the Postal and the Telegraph Departments or not, that would, I think, be the case; and if that is so, the proposal to reduce postal rates is not a proposal to reduce taxation but a proposal to impose increased taxation on the central tax-payer for the purpose of subsidising the letter and the postcard, and that, not I think entirely or even mainly for the benefit of the agriculturist user of the postcard and the letter, but of the commercial and industrial firms who, it must be remembered, are those who make the greatest use of letters and postcards. I do not think that a subsidy in those circumstances would be justifiable, and in addition it would involve considerable risk of our attempting to sweat the employees of the Postal and Telegraph Department. I know that is an unpopular view, but I do think that it is important that we should not go on from year to year deceiving ourselves with the hope that an immediate return to the pre-war rates on postcards and letters is possible. In any case, I am on sure ground when I say that on the question of a subsidy to the Postal Department and on the question of a further reduction of the salt tax, we are obviously not in a position to do it this year. The provincial contributions clearly come first. If we have got rid of them this year, and if our hope is realised that next year may give us a recurring surplus sufficient to get rid of the provincial contributions for ever, then will be the time when we can begin seriously to

consider reductions of taxation and additional expenditure by the Central Government on the services which Honourable Members have at heart. But I should like to join issue with those who reproach us with not having reduced taxation in the last few years. Since the year 1928-24 we have given up over Rs. 6 crores by relieving the tax-payer in the matter of salt duty and cotton excise duty and one or two other small items of taxation, —Rs. 6 crores of direct reduction of taxation. In addition to that, over Rs. 9 crores of provincial contributions will have been released. Now, it may be that the Provincial Governments will prefer—and I think they will very likely and rightly prefer—to use the reduction of the provincial contributions for the purpose of increased expenditure on nation-building departments, rather than on reduction of taxation. There have been cases in which they have reduced taxation; but in the main that has not been the case hitherto. Nevertheless it remains true that so far as the Central Government is concerned, it is now asking for over Rs. 9 crores less from the provincial tax-payer for its purposes than in 1924-25. So far as the Central Government is concerned, that is a definite reduction of taxation. So that there has been a total reduction of over 15 crores of rupees in central taxation in the last four years.

Several speakers used an argument, which seemed to come from a common source, apparently intended to demonstrate that, though the rupee figure of the Government's expenditure had gone down in the last few years, the gold value of the rupees demanded from the tax-payer had not diminished, and indeed that it had increased. I was in some difficulty to follow what conclusion was meant to be drawn from these premises. All the speakers who used it without exception ignored entirely the large fluctuations in the commodity value of gold which have been occurring in the last 12 or 13 years. And surely, the true basis for comparison is not the gold value of the rupee, but the commodity value. It is of course obviously true that the large rise in prices, that is the fall in the commodity value, in the purchasing power, of gold, which took place during and after the war was one of the main causes, together with our war debt, of the large increase in the expenditure of the Government of India during these years and was one of the main causes of the budget difficulties with which we were then faced. It is equally true that the fall in prices, that is to say, the rise in the commodity value of gold, which has taken place since then has been a very useful factor in assisting us to restore budgetary equilibrium. The greater part of this fall is of course due to the change in world prices and has nothing to do with the rupee exchange. Even now gold prices are about 50 per cent. higher than they were in 1914, and this fact, together with the interest and sinking fund on our war debt, provide the main explanation why our expenditure has increased since 1914. Incidentally, it is interesting to remember that this rise of 50 per cent. in prices means that the salt tax of Rs. 1-4-0 per maund to-day is a very considerably lighter burden than the salt tax at Re. 1 in 1914. Now, in so far as the rise in exchange from 1s. 4d. to 1s. 6d. since 1914 has been a contributory factor in preventing the level of prices at which we have now settled down from being a higher one, that has been a factor which has assisted us in restoring budgetary equilibrium. With lower prices the rupees that we obtain from the public go further, and it is that fact which has enabled us among other things, to reduce taxation by 15 crores as I was pointing out just now. Why that should be thought to be a discredit to the Government, I am at a loss to understand. Even

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the Retrenchment Committee pointed out that a fall in prices ought to lead to a fall in military expenditure.

I am led by a natural transition to the question of ratio. I do not propose to-day to anticipate our discussions of next week, but it is necessary for me to make reply to the numerous speeches which have been devoted to this question. As usual, most of the speakers who were arguing for 1s. 4d. began with the entirely erroneous assumption, usually quite tacit, that the Government have quite recently and suddenly raised the exchange from 1s. 4d. to 1s. 6d. The usual form of the attack was to say that the Government by a manipulation of the currency have concealed taxation amounting to a large and variably stated sum in tens—I believe in one case in hundreds—of crores, and that Government had done this by manipulation of the currency. Let me take first this question of manipulation. What are the facts? I will not go back beyond the date of my arrival in India. When I arrived in India in the beginning of 1923, the rupee had a statutory value of 2 shillings gold, and the actual value in the market was about 1s. 3d. gold which was, however, subject to violent and continuous fluctuations. It had had no stable value since 1917. One of my duties as Finance Member was to manage, or if you will, to manipulate the currency. I could not evade undertaking that duty even if I had wanted to; and I did not attempt to evade it. I have more than once expressed the view that the job of managing the currency is one which ought to be in the hands of some authority other than the Government, and one of the main objects of our proposals which will be coming before the House later in the Session is to transfer that function from Governmental to other hands. But so long as the duty remains a Governmental duty, it is a duty that the Government must undertake and, finding it part of my duties to manage the currency, I proceeded to manage the currency—or if you will—to manipulate the currency. Now, it is open to Members of this House, and the public generally, to criticise the Government for the way in which they have managed the currency—or if you will manipulated the currency—if they think that the management is open to criticism. But to make it a charge against the Government that they are managing the currency has really no more meaning than to make it a charge against my friend the Honourable Sir Bhupendra Nath Mitra that he is managing the Post and Telegraphs Department or against my friend Sir Charles Innes that he is managing the Railway Department. Now, up to the time of the appointment of the Currency Commission, my contribution to the management or manipulation of the currency consisted almost entirely—my main contribution at any rate was—to prevent the rupee from being driven up and up far above 1s. 6d. by what I may call natural causes. In order to do this I had to resort to very big acts of management or manipulation. Since that date, without very great difficulty but with constant attention, I have maintained the rupee stable at 1s. 6d. It has been stable there for nearly 2½ years in terms of sterling, very nearly 2 years in terms of gold. Neither in preventing the rise above 1s. 6d. nor in maintaining the rupee stable at 1s. 6d. were budgetary considerations mainly or in any special degree in my mind or in the mind of the Government. What we wanted and want and what India wanted and wants is stability and it is to the fact of stability, even more than to the fact that that stability has been obtained and maintained at the level of prices corresponding to the 1s. 6d. ratio, that we owe our balanced budget and our power to reduce taxation and give relief to the provinces.

At the same time, it is obvious that a sudden drop to 1s. 4d. would destroy stability and would play havoc with the Budget. Some attempt has been made to dispute the figures in Mr. Brayne's Memorandum. The estimate of the effect of 1s. 4d. on our sterling payments is not, I understand, disputed. But several Members have challenged the estimate of loss under the head of Customs. And they have quoted against me the memorandum put in by Mr. McWatters before the Currency Commission. I think they have entirely failed to observe the origin of that memorandum. It was and professed to be nothing more than an arithmetical statement, showing what would be the increases in customs duties on the assumption that the amount of imports were not decreased and prices rose by the full difference. In this connection I would refer to the evidence given before the Currency Commission, questions 777 and 778. Sir Purshotamdas Thakurdas asked:

"Would you not by a lower exchange get a higher return on those articles assessed *ad valorem*?"

*Mr. McWatters:* Certainly you would eventually if prices rose and customs duties were not decreased.

*Q.*—What would the amount be roughly in rupees?

*A.*—I should have to work it out. A statement could be prepared showing the actual money difference between the 1s. 4d. and 1s. 6d. in customs duties on an *ad valorem* basis, assuming that the amount of import is not decreased and prices rise by the full difference."

Thereupon Mr. McWatters put in the statement which has been referred to. I was myself examined a little later on this same point. For that purpose I refer to a very valuable document, from which I could spare the foreword, in which all my evidence before the Currency Commission is brought together. I desire to express my very real appreciation

6 P.M. to the Currency League for this very useful document. Question No. 10451—I will not read it all—it there appears that this memorandum of Mr. McWatters was then brought to my attention for the first time and I had to ask what it contained before I could say what I thought about the figures. I was asked:

"Do you think that the Central Government are likely to make up this 1.16 crores, on certain assumptions, by increased revenue under the head of income-tax and so on."

My reply was . . . . .

**Pandit Hirday Nath Kunzru:** May I ask what is the number of the question?

**The Honourable Sir Basil Blackett:** 10,451 if the Currency League are correct. I said:

"I do not think that there would be an immediate increase either in the customs duty or in the yield of any other tax to the extent proposed. The increase in the customs duty would probably fairly be seen over a period of two or three years. But the increase in income-tax seems to me to be very problematical. \* \* \* The temporary effect of a lowering of the rate must necessarily be an immediate increase in taxation."

I am interested to observe that Mr. McWatters' arithmetical calculation came to the conclusion that there would eventually—that was the word used by Mr. McWatters—be an increase of 2 crores in the revenue from customs duty. Mr. Brayne's figure is from  $1\frac{1}{2}$  to 2 crores. The ultimate effect as given in both cases is the same. The idea that that is any proof

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that Mr. Brayne's Memorandum regarding the immediate effect is wrong is therefore entirely dissipated. Mr. Birla propounded the extraordinary doctrine that a rise in prices of imported articles was likely to lead to an increase in the imports. Both he and Sir Victor Sassoon in another connection relied on an analogy drawn from what has happened at times when prices generally have been gradually rising. This analogy has no validity whatsoever in the case now under consideration, where with world prices unaffected and no change in any of the other factors a sudden and violent alteration takes place in the rate of exchange. Mr. Birla's contention that a sudden increase in the price of an imported article leads to an increase in the quantity of the imports of that article has only to be stated to be rejected. Incidentally, it is an entire refutation of another series of arguments of the Currency League. The Central Board of Revenue are clearly right in stating that there would obviously be a large temporary falling off if exchange was suddenly lowered to 1s. 4d.

I should like to make a few further remarks about Mr. Brayne's Memorandum. That Memorandum was purposely and intentionally an understatement of the probable effects of 1s. 4d. on our Budget. We do not want to be charged with making anything more than the absolute minimum statement. My own view is—and in order to avoid future misconception I should like to state that it is a view in which Mr. Brayne entirely agrees—that both the assumptions that wages would not have to be increased immediately and that we shall not have to pay a higher rate for interest on our debt, on our new money, owing to the shock to our credit, are entirely untenable and the effect on the Budget for 1927-28 would, in my humble opinion, be not much less than 7½ crores and on the Budget for 1928-29 not much less than 10 crores.

I will turn at this point to something that was said by Sir Victor Sassoon regarding the effect of 1s. 4d. on our debt. The figures given by him were obviously vitiated by the assumption that all our existing debts have been raised when the rupee stood at 1s. 4d. (*Sir Victor Sassoon*: "Why?") I will come to why. Out of the Rs. 369 crores of rupee debt raised in the open market outstanding on the 30th November, 1926, Rs. 211 crores were raised when exchange was higher than 1s. 4d., and Rs. 158 crores when exchange was at or below 1s. 4d. The statement is also vitiated by the way in which the Honourable Baronet entirely ignores the effect of changes in price levels which is a very much more important factor. His argument was somewhat involved, but the truth after which he was groping is a clear one enough, though I doubt if he understood all its implications. He objected to what is after all a bare statement of fact in clause 6 of Mr. Brayne's memorandum, namely, that the rupee value of our external debt of £339 millions at 1s. 4d. is Rs. 56½ crores more than at 1s. 6d.

**Sir Victor Sassoon:** Mine is a bare statement of fact.

**The Honourable Sir Basil Blackett:** Once prices have settled down to one ratio or another, the gold or commodity value of this debt is, of course, exactly the same as he rightly stated. I hope he will remember that admission and all that it involves when he speaks on Monday, because, here again, it is an entire refutation of a large number of the arguments of the Currency League. It is quite at variance, for example, with his own argument that the effect of 1s. 4d. will hardly be observable



in the cost of living. Our external creditors are entitled in this case to £'s sterling, and unless we are heading for bankruptcy, they are unaffected by any change in the number of rupees which are required to pay a given amount of sterling debt, to pay the interest and the sinking fund, on what they have lent. He said that by lowering the ratio to 1s. 4d. we could reduce by Rs. 60 crores the commodity value of our debt. Of course, we could reduce the commodity value of our internal debt by Rs. 60 crores by lowering the ratio to 1s. 4d. Unfortunately, most of the holders of our rupee debt are Indian creditors and this lowering of the commodity value of what they have lent to us would be entirely at their expense. Our internal creditors unlike our external creditors are deeply injured by the lowering of the value of the rupee. The Honourable Baronet's discovery is, in effect, the old discredited policy of wiping out debt by inflating the currency. (*Some Honourable Members*: "No.") Then why does he stop at 1s. 4d.? Why not get rid of the whole of the debt by reducing the value of the rupee in the way the Germans reduced the value of the mark? (*An Honourable Member*: "Why don't you raise it to 3s. 9'") And in almost the same breath Sir Victor had the courage to dispute the view that such action would give a shock to our credit. (*Sir Victor Sassoon*: "And quite right.")

**Mr. T. Gavin-Jones** (United Provinces: European): Raise it to 2s. and give him a little more.

**The Honourable Sir Basil Blackett**: I prefer to take the sensible course of leaving it where it is. I shall be ready to argue at the right time that there is no permanent gain whatsoever and can be no permanent gain to India but very severe temporary losses and sacrifices in the reduction of the ratio. So far as the Budget is concerned, it is clear that if the ratio is reduced there can be no remission of the provincial contributions this year or even next year, no expansion of our educational and other activities in areas directly administered by the Central Government, no hope of early reduction of taxation for the central tax-payer. On the contrary, we should be faced with the certain necessity of raising the level of taxation all round. This dislocation of the Budget is one of the temporary sacrifices and losses which the reduction of the ratio involves. Dislike it as we may, the ratio of 1s. 4d. and the reduction of the provincial contributions are incompatible. The lion and the sheep will not lie down together. Once again I commend to the House the Government's budget proposals which will achieve our long cherished project of getting rid of provincial contributions and will open the way next year or the year after to the effective discussion of reduced taxation in every direction and increased provision for the nation-building services.

The Assembly then adjourned till Eleven of the Clock on Monday, the 7th March, 1927.



### ERRATA.

In L. A. Debates, Vol. IX, No. 20, p. 1042,—

- (1) Line 9, *for* the words "the Honourable Member" *read* "my Honourable friend".
- (2) Line 17, *for* the words "money" and "has" *read* "loans" and "have" respectively.
- (3) Lines 19—21, *for* the words and figures "1925. The steps.....I have just referred." *read* "1925. The remainder will be realised, to whatever extent is possible, in the course of liquidation."



# LEGISLATIVE ASSEMBLY.

*Monday, 7th March, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## MEMBER SWORN :

Sardar Sir Bomanji Ardeshir Dalal, Kt., M.L.A. (Bombay : Nominated Non-Official).

## QUESTIONS AND ANSWERS.

### INDIAN SHOW GIVEN IN BERLIN UNDER THE DIRECTION OF MR. HAGENBECK.

725. \***Lala Lajpat Rai**: 1. Has the attention of Government been drawn to an article that appeared in the "*Hindu of Madras*", dated February 5th, 1927, under the caption "Exploitation of Indians in European countries"? Are the facts stated therein so far as they relate to the Government of India correct?

2. If so, will the Government of India lay on the table of the House the correspondence that passed between the Government of India and Mr. Hagenbeck relating to the grant of passports to the Indians whom Mr. Hagenbeck took to Europe for the purpose of being shown as exhibits in zoological gardens?

3. Is it a fact that Indians have been used as exhibits in German zoological gardens by several circus and other companies?

4. Is it a fact that there is a firm in Madras which acts as an agent of circus companies of Germany for choosing and sending Indians for the purpose of showing them in Europe as a part of their show?

5. Is it a fact that the Indians in the Hagenbeck troop have received passports for five years on the Government of India receiving Rs. 25,000 as security for being sent back to India after 5 years?

**The Honourable Sir Alexander Muddiman**: The Government of India have seen the article in question. I would refer the Honourable Member to the answer to Mr. Mukhtar Singh's question on the same subject on the 4th March, 1927. There was no correspondence between the Government of India and Mr. Hagenbeck.

### INSPECTION OF THE CHERAMBADI POST OFFICE BY THE SUPERINTENDENT OF POST OFFICES, NILGIRI DIVISION.

726. \***Mr. M. K. Acharya**: (a) Will Government be pleased to state the date on which the Cherambadi post office was inspected by Lieutenant-Colonel W. A. Smith, Superintendent of Post Offices, Nilgiri Division, in December, 1926?

(b) Is it a fact that the telegraph branch of that office was not inspected by the Superintendent during the time he was at that station on inspection duty, but that after a week of his inspection, the prescribed form of inspection report for that branch was sent to the Sub-Postmaster for filling in the statistical columns and noting the delays in the disposal of telegrams dealt with?

(c) Is it a fact that some of the message drafts which were in the office on the date of inspection had already been despatched by the Sub-Postmaster to the Telegraph Check Office in consequence of which the delays in the disposal of the telegrams for those days could not be noted in the inspection form?

(d) Is this procedure of the Superintendent authorised by the rules of the department? If not, what steps do Government propose to take against the Superintendent? If not, why?

**Sir Ganen Roy:** (a) 6th December.

(b) The telegraph branch was duly inspected. But during the inspection the Superintendent omitted to work out hourly traffic and percentage of delays in disposal of telegrams for which purpose he sent the form of Inspection Report to the Sub-Postmaster for completion.

(c) Yes.

(d) The procedure adopted by the Superintendent is quite unauthorised. The irregularity has been pointed out to the Superintendent by the Postmaster-General.

#### STOPPAGE OF THE INCREMENTS OF THREE POSTAL OFFICIALS IN THE NILGIRI DIVISION.

727. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the increments of three officials of the clerical cadre in the Nilgiri Division were stopped during January, 1927, for various periods ranging from 3 to 6 months?

(b) If the answer to the above is in the affirmative, what are the names of the officials, the periods for which the increments for each were stopped and the nature of the irregularities committed by each?

(c) Will Government please lay on the table a statement showing the various punishments inflicted by Lieutenant-Colonel Smith since he took charge of the Nilgiri Division and the punishments given by his predecessor for the corresponding period in the previous year?

**Sir Ganen Roy:** (a) Yes

(b) and (c). The information is being collected and will be supplied to the Honourable Member.

#### STOPPAGE OF THE INCREMENT OF THE SUB-POSTMASTER, CHERAMBADI POST OFFICE.

728. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that Mr. P. S. Sankaram Pillai, Sub-Postmaster, Cherambadi, was punished by the Superintendent of Post Offices, Nilgiri Division, with stoppage of increment for 3 months for alleged bad work and neglect of duty noticed at the time of inspection of that office in January this year?

(b) Was any memorandum of charges furnished to the official? If so, was it before or after the punishment was inflicted?

(c) Have any instructions been issued to the Superintendents of Post Offices that without observing the usual formalities, such heavy punishments should not be inflicted? If so, when?

(d) Is the action of the Superintendent of Post Offices, Nilgiri Division in punishing the official without furnishing him with a memorandum of charges authorised? If not, what steps do Government propose to take against the Superintendent?

**CASE OF MR. V. R. RANGASWAMIER, CLERK IN THE TIRUPUR POST OFFICE IN THE NILGIRI DIVISION**

729. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state why Mr. V. R. Rangaswamier, Clerk, Post Office, Tirupur, in the Nilgiri Division, has not been allowed to pass the first efficiency bar?

(b) Are there any adverse remarks in his character sheet and service book made by Superintendents who were in charge of the Nilgiri Division before Lieutenant-Colonel W. A. Smith or by Postmasters under whom he worked?

(c) Did not the Postmaster, Ootacamund, note in the service book of the official appreciating his work and conduct?

(d) Was any representation received from Mr. V. R. Rangaswamier by the Superintendent of Post Offices, Nilgiri Division, making certain allegations against the acting Head Clerk of that division in connection with his stoppage at the first efficiency bar and asking for inquiries to be made?

(e) Did not the Superintendent, instead of making inquiries as prayed for, furnish the official with a memorandum of charges for substantiating the allegations?

(f) Is it a fact that Mr. V. R. Rangaswamier has also been transferred as a clerk from Tirupur, a second selection grade sub-office to Valparai, a small office, stating that his efficiency of work has to be tested in a more important office than Tirupur?

**TRANSFER OF MR. K. A. PARASURAMIAH, SUB-POSTMASTER, COIMBATORE BAZAAR.**

730. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that Mr. K. A. Parasuramiah was Sub-Postmaster, Coimbatore Bazaar, in January, 1927, and that he had been posted there only about two months before that?

(b) Was he transferred to the Coimbatore Head Office as clerk in the month of January, 1927?

(c) Is it a fact that the official who has been appointed as Sub-Postmaster, Coimbatore Bazaar, is junior to Mr. K. A. Parasuramiah?

(d) During the two months Mr. K. A. Parasuramiah was in charge of Coimbatore Bazaar, did any serious case occur to justify his removal from the charge of that office?

(e) Has the Postmaster-General, Madras, received any representation from Mr. K. A. Parasuramiah stating that his transfer from Coimbatore Bazaar was due to the agency of Mr. Govindan Nair, the present acting

Head Clerk of that division, simply because he presided over a meeting of the local branch of the All-India Postal and Railway Mail Service Union a few days before the transfer and gave a ruling on some questions that went against the interests of the acting Head Clerk?

(f) Will Government please state if any inquiry has been made on the point? If so, what has been the result?

**POSTING OF MR. K. APPASWAMIER TO THE CHARGE OF THE WILLOWBUND COMBINED POST AND TELEGRAPH OFFICE.**

731. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the Secretary of the Ootacamund Branch of the All-India Postal and R. M. S. Union wrote on the 18th November, 1926, to Lt.-Col. W. A. Smith, Superintendent of Post Offices, Nilgiri Division, stating that the acting Head Clerk of the Division, Mr. Govindan Nair, had unduly favoured Mr. K. Appaswamier, a non-combined official, by posting him to the charge of the Willowbund Combined Post and Telegraph Office and that his action has displeased the whole staff of that office?

(b) Was it also stated in the Secretary's communication that Mr. K. Appaswamier was head-and-ears in debt and therefore the posting of that official to the charge of an office was opposed to the instructions recently issued by the Director-General, Posts and Telegraphs?

(c) Was any schedule of debts obtained by the Superintendent from Mr. K. Appaswamier on the above communication?

(d) Is it a fact that Mr. K. Appaswamier did not include in the schedule of debts he furnished, a sum of money due by him to Mr. V. R. Rangaswamier, Clerk, Post Office, Tirupur?

(e) Was any representation received by the Superintendent of Post Offices, Nilgiri Division, from Mr. V. R. Rangaswamier stating that the acting Head Clerk of that Division, Mr. Govindan Nair, requested him to receive payment of the loan from Mr. K. Appaswamier in instalments and not to take legal proceedings against him as otherwise the Superintendent would find out that Mr. K. Appaswamier had not included that amount in the schedule of his debts? If so, what action was taken on that representation?

**Sir Ganen Roy:** With your permission, Sir, I will answer questions Nos. 728 to 731 together.

The Government have no information. If any individual has a grievance, he is at liberty to appeal in the usual manner.

**ALLEGATIONS AGAINST MR. GOVINDAN NAIR, OFFICIATING HEAD CLERK OF THE NILGIRI DIVISION.**

732. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if any representation has been received by the Director-General of Posts and Telegraphs from Mr. A. Krishnier, a clerk in the Nilgiri Division, stating that the present acting head clerk of his Division, when acting as Investigating Inspector there, induced Mr. G. V. Sitaraman, a leave reserve clerk, whose services were dispensed with for alleged attempt at assault on a postman, to bear false witness against Mr. A. Krishnier by writing to the Postmaster-General that he misbehaved towards the postman at the instigation of Mr. A. Krishnier?



(b) Is it a fact that Mr. A. Krishnier has sent with his representation a copy of a letter, dated the 29th October, 1926, written by Mr. G. V. Sitaraman to him asking his pardon for what he did against his conscience to injure Mr. A. Krishnier?

(c) Do Government propose to enquire into the conduct of the officiating Head Clerk, Mr. Govindan Nair?

**Sir Ganen Roy:** (a) and (b). No such representation has as yet reached me.

(c) Does not arise.

**CASE OF MR. A. KRISHNIER, POSTAL CLERK, KOTAGIRI.**

733. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the Superintendent of Post Offices, Nilgiri Division, when requesting the District Medical Officer, Tanjore, in September or October last to examine Mr. A. Krishnier, Clerk, Kotagiri on leave, informed the said Medical Officer that the clerk had been directed to appear before the District Medical Officer, Madura, and that he had replied he could do so after finishing his religious ceremonies?

(b) If the answer to above is in the affirmative, will the Government be pleased to lay on the table the copies of the correspondence that passed between the Superintendent and Mr. Krishnier?

(c) If there were no such correspondence, will Government be pleased to state who is responsible for the report to the Medical Officer, Tanjore, whether the Superintendent or his Head Clerk, Mr. Govindan Nair?

**Sir Ganen Roy:** (a) Yes.

(b) and (c). A copy of the correspondence has been called for from the Postmaster-General, Madras, and will be furnished to the Honourable Member in due course.

**ALLEGATIONS AGAINST MR. GOVINDAN NAIR, ACTING HEAD CLERK OF THE NILGIRI DIVISION.**

734. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the present acting Head Clerk of the Nilgiri Division, Mr. M. Govindan Nair was reverted to the clerical time-scale from the cadre of the Inspectors and Superintendents' Head Clerks in 1923 for having abused his official position to obtain loans from the subordinate officials of the division, for having lost important records in investigation cases and for manipulating the divisional gradation list to his own advantage?

(b) Is it a fact that he assaulted a member of the public at Uttukuli, where he was Sub-Postmaster after reversion and was let off by the Court on his tendering an apology to the complainant?

(c) Will Government be pleased to state the reasons for again appointing him as acting Head Clerk?

**Sir Ganen Roy:** (a) and (c). The official in question was reverted after having officiated in the higher cadre. He was re-instated after a careful review of his case by the Postmaster-General.

(b) A complaint is understood to have been filed in the Sub-Magistrate's Court, Erode, and was withdrawn through want of evidence.

Head Clerk of that division, simply because he presided over a meeting of the local branch of the All-India Postal and Railway Mail Service Union a few days before the transfer and gave a ruling on some questions that went against the interests of the acting Head Clerk?

(f) Will Government please state if any inquiry has been made on the point? If so, what has been the result?

**POSTING OF MR. K. APPASWAMIER TO THE CHARGE OF THE WILLOWBUND COMBINED POST AND TELEGRAPH OFFICE.**

1. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the Secretary of the Ootacamund Branch of the All-India Postal and R. M. S. Union wrote on the 18th November, 1926, to Lt.-Col. W. A. Smith, Superintendent of Post Offices, Nilgiri Division, stating that the acting Head Clerk of the Division, Mr. Govindan Nair, had unduly favoured Mr. K. Appaswamier, a non-combined official, by posting him to the charge of the Willowbund Combined Post and Telegraph Office and that his action has displeased the whole staff of that office?

(b) Was it also stated in the Secretary's communication that Mr. K. Appaswamier was head-and-ears in debt and therefore the posting of that official to the charge of an office was opposed to the instructions recently issued by the Director-General, Posts and Telegraphs?

(c) Was any schedule of debts obtained by the Superintendent from Mr. K. Appaswamier on the above communication?

(d) Is it a fact that Mr. K. Appaswamier did not include in the schedule of debts he furnished, a sum of money due by him to Mr. V. R. Rangaswamier, Clerk, Post Office, Tirupur?

(e) Was any representation received by the Superintendent of Post Offices, Nilgiri Division, from Mr. V. R. Rangaswamier stating that the acting Head Clerk of that Division, Mr. Govindan Nair, requested him to receive payment of the loan from Mr. K. Appaswamier in instalments and not to take legal proceedings against him as otherwise the Superintendent would find out that Mr. K. Appaswamier had not included that amount in the schedule of his debts? If so, what action was taken on that representation?

**Sir Ganen Roy:** With your permission, Sir, I will answer questions Nos. 728 to 731 together.

The Government have no information. If any individual has a grievance, he is at liberty to appeal in the usual manner.

**ALLEGATIONS AGAINST MR. GOVINDAN NAIR, OFFICIATING HEAD CLERK OF THE NILGIRI DIVISION.**

732. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if any representation has been received by the Director-General of Posts and Telegraphs from Mr. A. Krishnier, a clerk in the Nilgiri Division, stating that the present acting head clerk of his Division, when acting as Investigating Inspector there, induced Mr. G. V. Sitaraman, a leave reserve clerk, whose services were dispensed with for alleged attempt at assault on a postman, to bear false witness against Mr. A. Krishnier by writing to the Postmaster-General that he misbehaved towards the postman at the instigation of Mr. A. Krishnier?

(b) Is it a fact that Mr. A. Krishnier has sent with his representation a copy of a letter, dated the 29th October, 1926, written by Mr. G. V. Sitaraman to him asking his pardon for what he did against his conscience to injure Mr. A. Krishnier?

(c) Do Government propose to enquire into the conduct of the officiating Head Clerk, Mr. Govindan Nair?

**Sir Ganen Roy:** (a) and (b). No such representation has as yet reached me.

(c) Does not arise.

**CASE OF MR. A. KRISHNIER, POSTAL CLERK, KOTAGIRI.**

733. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the Superintendent of Post Offices, Nilgiri Division, when requesting the District Medical Officer, Tanjore, in September or October last to examine Mr. A. Krishnier, Clerk, Kotagiri on leave, informed the said Medical Officer that the clerk had been directed to appear before the District Medical Officer, Madura, and that he had replied he could do so after finishing his religious ceremonies?

(b) If the answer to above is in the affirmative, will the Government be pleased to lay on the table the copies of the correspondence that passed between the Superintendent and Mr. Krishnier?

(c) If there were no such correspondence, will Government be pleased to state who is responsible for the report to the Medical Officer, Tanjore, whether the Superintendent or his Head Clerk, Mr. Govindan Nair?

**Sir Ganen Roy:** (a) Yes.

(b) and (c). A copy of the correspondence has been called for from the Postmaster-General, Madras, and will be furnished to the Honourable Member in due course.

**ALLEGATIONS AGAINST MR. GOVINDAN NAIR, ACTING HEAD CLERK OF THE NILGIRI DIVISION.**

734. **\*Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the present acting Head Clerk of the Nilgiri Division, Mr. M. Govindan Nair was reverted to the clerical time-scale from the cadre of the Inspectors and Superintendents' Head Clerks in 1923 for having abused his official position to obtain loans from the subordinate officials of the division, for having lost important records in investigation cases and for manipulating the divisional gradation list to his own advantage?

(b) Is it a fact that he assaulted a member of the public at Uttukuli, where he was Sub-Postmaster after reversion and was let off by the Court on his tendering an apology to the complainant?

(c) Will Government be pleased to state the reasons for again appointing him as acting Head Clerk?

**Sir Ganen Roy:** (a) and (c). The official in question was reverted after having officiated in the higher cadre. He was re-instated after a careful review of his case by the Postmaster-General.

(b) A complaint is understood to have been filed in the Sub-Magistrate's Court, Erode, and was withdrawn through want of evidence.

ALLEGATIONS AGAINST MR. GOVINDAN NAIR, ACTING HEAD CLERK,  
NILGIRI DIVISION.

785. \***Mr. M. K. Acharya:** (a) Will Government be pleased to state if it is a fact that the Secretary, Ootacamund Branch of the All-India Postal and R. M. S. Union, wrote to Lt.-Col. W. A. Smith, Superintendent of Post offices, Nilgiri Division, on the 18th November, 1926, stating that his present acting Head Clerk, Mr. Govindan Nair, manipulated in November, 1926, the transfer of Mr. C. V. Rangaswamier, clerk, Ootacamund, from Ootacamund to Coonoor for 3 days, to enable the latter to go to Coimbatore and see his family as no casual leave could be given to Mr. C. V. Rangaswamier and as that official had already expended the usual quota of 20 days due for the year? If so, what action was taken thereon?

(b) Is it a fact that Mr. C. V. Rangaswamier took 8 days' joining time before joining Coonoor, worked at Coonoor for 3 days and again took another 8 days' joining time and joined his appointment at Ootacamund?

(c) Were all the leave reserve clerks of the division absorbed in leave vacancies at the time of Mr. C. V. Rangaswamier's transfer to Coonoor; and if not, why was not a leave reserve clerk deputed to Coonoor for 3 days?

(d) Will the Government be pleased to furnish a statement showing (1) the number of reserve clerks in the Nilgiri Division and how they were distributed in the division in November, 1926, and (2) how many of them were retained in the Superintendent's office then?

**Sir Ganen Roy:** (a) Yes. No action was taken by the Superintendent as he considered the charge of manipulation to be unfounded. The Postmaster-General, Madras, however, is making a further enquiry.

(b) Yes.

(c) No. A reserve clerk knowing telegraphy for a combined office was required but was not available.

(d) The required statement will be furnished to the Honourable Member on its receipt from the Postmaster-General, Madras.

CONSTRUCTION OF A RAILWAY FROM PATNA TO RANCHI.

736. \***Mr. Ram Narayan Singh:** (a) Is it a fact that before the last European War, the Government had come to a decision to construct a new railway line from Patna to Ranchi?

(b) If so, is the scheme still in the contemplation of the Government and will it be given effect to or has it been abandoned once for all?

(c) Is it in the contemplation of the Government to extend in future the proposed Gaya-Sherghati line further? If so, to what termination?

**Mr. A. A. L. Parsons:** (a) The reply is in the negative.

(b) Does not arise.

(c) The Gaya-Sherghaty project is at present under consideration. Government are not contemplating its extension.

**PAYMENT FOR LAND ACQUIRED FOR THE CHANDIL-BARKAKHANA RAILWAY  
IN THE CHOTA NAGPUR DIVISION.**

737. **\*Mr. Ram Narayan Singh:** Are Government aware that although for the Chandil-Barkakhana new railway line in the Chota Nagpur Division, the land has been acquired long ago, some of the people have not yet been paid the price for their land taken? If so, to how many persons and why?

**Mr. A. A. L. Parsons:** The reply to the first part of the question is in the negative and the second part does not arise.

**BLOCKING OF VILLAGE ROADS BY THE CHANDIL-BARKAKHANA RAILWAY  
LINE.**

738. **\*Mr. Ram Narayan Singh:** (a) Are Government aware that on the Chandil-Barkakhana railway line, wherever the line has crossed village roads, they have actually been blocked in several places to the great inconvenience and sufferings of the people there and that no outlets have yet been allowed by the local railway authority there in spite of several petitions and prayers of the poor suffering villagers there?

(b) Is it a fact that the chief village road for the people of the village, Burlanga on the said line on the boundary of the Hazaribagh and Manbhum Districts and in the police station of Gola, District Hazaribagh, has been blocked by the said railway line and that to the great sufferings of the people there and that in spite of several petitions and prayers from the villagers thereof no outlet has yet been given to them?

(c) If so, are Government prepared to draw the attention of the local officials there to this fact of the people's difficulties and to ask them to remove the grievances as far as possible?

**Mr. A. A. L. Parsons:** (a) and (b). Government have no information.

(c) Does not arise.

**REFUSAL TO GRANT A PASSPORT TO SARDAR MILAP SINGH, A NEWS-  
PAPER AGENT OF PESHAWAR CITY, TO PROCEED TO CHITRAL.**

739. **\*Sardar Kartar Singh:** (a) Is it a fact that S. Milap Singh, son of S. Kartar Singh, newspaper agent of Bazar Karim Pura, Peshawar City, did apply to the Deputy Commissioner of Peshawar on 14th May 1925, for the grant of a passport to him and his wife for going to Chitral where his father and uncle were carrying on a shop?

(b) Was that application disallowed? If so, why?

**Mr. E. B. Howell:** Enquiry is being made from the local Administration and a reply will be given to the Honourable Member in due course.

**EXTERMINENT ORDER AGAINST SARDAR MILAP SINGH, A NEWSPAPER  
AGENT OF PESHAWAR CITY.**

740. **\*Sardar Kartar Singh:** (a) Is it a fact that the Chief Commissioner, North-West Frontier Province by his order dated 9th June, 1925, purporting to act under section 3 (e) of the North-West Frontier Security Regulation, 1922, did direct S. Milap Singh to remove himself from the North-West Frontier Province in such manner and by such route as may be prescribed by the Superintendent of Police, Peshawar?

(b) Is it a fact that in consequence of the aforesaid order S. Milap Singh was arrested and, without allowing him time to see his relations and arrange for his business, was banished from North-West Frontier Province?

(c) Was any provision for the maintenance of S. Milap Singh and his family made? If not, why not?

**Mr. E. B. Howell:** (a) Yes, Sir. The order was served on the 10th. June 1925.

(b) Milap Singh complied with the order on the day that it was served.

(c) No, Sir. None was considered necessary.

# CANCELLATION OF THE EXTERNMENT ORDER AGAINST SARDAR MILAP SINGH.

741. **\*Sardar Kartar Singh:** (a) Did the Secretary, Shiromani Gurdwara Prabandhak Committee, Amritsar, apply on 17th September, 1926, to the Chief Commissioner, North-West Frontier Province, to cancel the order of externment concerning Sardar Milap Singh?

(b) What has been the fate of that application?

**Mr. E. B. Howell:** (a) Yes, Sir.

(b) The order was cancelled on the 15th February last.

## LEVY OF SURCHARGE ON RAILWAYS.

742. **\*Sardar Kartar Singh:** 1. Will Government be pleased to state:

(a) If it is a fact, that surcharge tax was levied on certain goods carried by Railways in India, during the year 1921-1922?

(b) What kinds of goods were liable to the surcharge tax and what were exempted?

(c) Is it a fact that fodder such as cotton seed and oil-cake were exempted?

2. Are Government aware that the Railway Administrations in India have realised surcharge tax in that year on fodder like cotton seed and oil-cake?

3. Did the Railways pay that amount of surcharge tax so levied to Government; if not, why not?

4. Did Government point out to the various Railways that it was a mistake on their part to levy this tax on fodder?

5. Is it a fact that the Great Indian Peninsula Railway did refund this tax in certain cases, while all other Railways have refused to do so?

6. Did Government instruct the Railways to refund this tax; if so, when, and was that order published, and carried out; if not, why?

7. If the answer to part 6 above is in the affirmative, can the Railways retain this amount with them on the plea of limitation?

8. Is it a fact that several firms claimed refund, but they have been met with the plea of limitation by the Railways?

**Mr. A. A. L. Parsons:** 1. (a) Yes.

(b) Surcharge was levied on all goods except foodgrains and pulses, fire-wood and fodder.

(c) Fodder was exempt, and cotton seeds and oil-cakes intended to be used as fodder were declared to be also exempt.

2. Surcharge was realised on cotton seeds and oil-cake.

3. The surcharge was collected by Railways on behalf of Government and was paid to Government.

4 and 6. Fodder was exempted under the original instructions. Railways were informed that cotton seed and oil-cake should also be exempted when intended for fodder, and refunds made in any cases in which surcharge had been recovered.

5. Refunds have been made by several Railways.

7 and 8. The law of limitation applies. The amounts, refund of which is barred by limitation, are retained by Government, not by Railways.

#### DEPARTMENTAL STANDING COMMITTEES.

743. \***Mr. M. S. Aney**: Will Government be pleased to give the following information:

- (a) Whether Standing Committees to advise on the subjects in (i) the Home Department, (ii) the Commerce Department, (iii) the Department of Education, Health and Lands, and (iv) the Department of Industries were formed in the years 1924, 1925 and 1926?
- (b) If so, who were the members elected by the Legislative Assembly and the Council of State in each of these years on the panels?
- (c) What members from the panels were each year nominated by the Members in charge of these departments on the Standing Committees?
- (d) How many meetings of each one of these Committees were held in the years above-mentioned?
- (e) How many and what private Bills and legislative proposals which the departments concerned undertook or intended to undertake in every one of these years, were placed before each Committee in each of the aforesaid years for their advice?
- (f) How many and what reports of Committees and Commissions on which the Indian Legislature was not adequately represented, were discussed at the meetings of these Committees respectively in each one of the aforesaid years?
- (g) The dates on which each one of the Standing Committees met in 1924, 1925 and 1926 to discuss the annual reports of their respective departments before formal publication of the same?
- (h) Are any formal proceedings of the meetings of these Committees maintained by the departments concerned and will the proceedings of the previous years be available to members who will be nominated on those Committees from the panels hereafter?

**The Honourable Sir Alexander Muddiman**: The information asked for is being collected and will be supplied to the Honourable Member in due course.

### THE BANKURA-DAMODAR RIVER RAILWAY.

744. \***Mr. Amar Nath Dutt:** (a) Is it a fact that the Bankura-Damodar River Railway is a guaranteed Railway? If so, will the Government be pleased to state what amount, if any, it had to contribute to the Railway during the past 8 years?

(b) Has the line ever been able to pay the guaranteed dividend since its construction?

(c) Have Government considered or do they propose to consider whether it is possible to increase the income of the line by extension towards the north and south from Sehara Bazar railway station?

**Mr. A. A. L. Parsons:** (a) Yes. The guaranteed interest paid to the Railway Company during the last three years was—

	Rs.
1923-24 . . . . .	86,909
1924-25 . . . . .	88,518
1925-26 . . . . .	1,03,026

(b) The reply is in the negative.

(c) Government do not propose to initiate such an enquiry

### CONSTRUCTION OF THE HOWRAH-VISHNUPUR CHORD LINE.

745. \***Mr. Amar Nath Dutt:** Is it a fact that the people of the Arambagh sub-division in the district of Hooghly are cut off from all connection with the district headquarters for several months in the year for want of any railway communication? If so, do Government propose to give the people of the locality more facility of communication by expediting the construction of the Howrah-Bistupur chord?

(b) When do Government propose to undertake construction of the Howrah-Bistupur chord line?

**Mr. A. A. L. Parsons:** (a) and (b). It is presumed the Honourable Member refers to the Howrah-Vishnupur chord. If so, his attention is invited to the reply given to his question No 519 on the same subject on the 26th February, 1924.

### CONSTRUCTION OF A RAILWAY FROM CHAMPADANGA TO TARAKESWAR.

746. \***Mr. Amar Nath Dutt:** Do Government propose to consider the feasibility of constructing a line from Champadanga on the Howrah-Amta Bight Railway to Tarakeswar on the East Indian Railway?

**Mr. A. A. L. Parsons:** The matter is under consideration.

### LOCATION OF THE BUJRUKDIGHI POST OFFICE IN A CENTRAL VILLAGE.

747. \***Mr. Amar Nath Dutt:** (a) Are Government aware that with the opening of a post office at Sehara in the district of Burdwan, the north-eastern jurisdiction of the Bujrukdighi post office has been reduced greatly?

(b) Is it a fact that now the situation of the Bujrukdighi post office in the district of Burdwan is not central? If so, are Government prepared to



consider the question of shifting the Bujrukdighi post office to some central village within its jurisdiction such as Chakchandan or Keshabpur for the convenience of the public?

**Sir Ganen Roy:** (a) Yes.

(b) The fact is as stated. The question of moving the post office now at Bujrukdighi to some central village is already under consideration by the Postmaster General.

**SUBSTITUTION OF A SUITABLE TERM TO DESCRIBE THE GENERAL CONSTITUENCIES OF THE LEGISLATURES.**

748. **\*Mr. Amar Nath Dutt:** (a) Are Government aware that the term "Non-Mahomedan" in describing general constituencies of the Legislatures is resented by the Hindus?

(b) Do Government propose to change the term "Non-Mahomedan" and substitute the term "Indian" or "General" or any other suitable term, in place of the former in describing the general constituencies of the Legislatures?

**The Honourable Sir Alexander Muddiman:** (a) and (b). I refer the Honourable Member to my reply to Mr Ranga Iyer's question No. 92, dated the 26th August 1925.

**PAY OF SUPERINTENDENTS OF POST OFFICES.**

749. **\*Mr. Jamnadas M. Mehta:** Is it a fact that the last revision of pay gave about 90 per cent. of Superintendents of Post Offices a petty increase of Rs. 5—20 per head only? If so, will Government be pleased to state whether this is the relief which Government intended to afford these officers in response to their representations?

**The Honourable Sir Bhupendra Nath Mitra:** No. In addition to immediate increases of pay ranging from Rs. 5 to Rs. 50 per mensem in individual cases, the scale of pay as a whole was improved by Rs. 50 per mensem both as regards minimum and maximum, while the period required to reach the maximum was slightly reduced.

I may mention that this was the second revision of Superintendents' pay since December, 1919, prior to which the pay of these officers ranged, by grades, from Rs. 200 to Rs. 600 as compared with the now existing time scale of Rs. 300 rising to Rs. 750.

The answer to the second part of the question is in the affirmative.

**PAY OF A PERSONAL ASSISTANT TO A POSTMASTER GENERAL PROMOTED TO THE RANK OF A DEPUTY POSTMASTER GENERAL.**

750. **\*Mr. Jamnadas M. Mehta:** Is it a fact that a senior Superintendent of Post Offices working as Personal Assistant to Postmaster General would draw less if promoted to the rank of a Deputy Postmaster General in the same office?

**Sir Ganen Roy:** Yes, unless, as is usually the case, he has officiated as Deputy Postmaster General and has on promotion one or more increments to his credit.

### PROVISION OF COMFORTS FOR PILGRIMS TO THE KUMBH MELA.

751. **\*Rai Bahadur Tarit Bhusan Roy:** (a) Has the attention of Government been drawn to the fact that on the occasion of the forthcoming Kumbh Mela there will be a huge gathering of Hindu pilgrims at Brindaban and Hardwar from all parts in India in March and April next?

(b) What arrangements have been made and are being made to prevent overcrowding in railway trains and to secure the comfort and convenience of passengers?

(c) What arrangements have been made for sanitation, medical help, the provision of drinking water and food for such pilgrims on the Railways?

(d) What arrangements, if any, have been made for preventing the conveyance of passengers to and from those places in wagons?

**Mr. A. A. L. Parsons:** (a) Yes.

(b), (c) and (d). The question has been under consideration for some time past and all necessary measures are being taken by Railway Administrations, in conjunction with the civil authorities, to prevent overcrowding and to secure the convenience of passengers by the provision of special trains, appointment of additional supervising and other staff, medical and sanitary arrangements, drinking water and other measures generally.

### DISMISSALS ON THE BENGAL NAGPUR RAILWAY.

752. **\*Rai Bahadur Tarit Bhusan Roy:** Will Government be pleased to state whether it is a fact that:

(a) In the beginning of the year 1926, several employees of the Bengal Nagpur Railway at Kharagpur were dismissed and Mr. Cole, the Chief Mechanical Engineer, directed an enquiry to be made into the causes of such dismissals and as the results whereof most of the dismissed men were reinstated?

(b) How many employees were so dismissed and how many of them were reinstated?

**The Honourable Sir Charles Innes:** In the period referred to twenty-two men were dismissed mainly in connection with a series of piecework frauds and an enquiry was ordered by the Chief Mechanical Engineer into these cases. As a result of this examination it was concluded that illiterate men who had been dismissed in this connection were probably less to blame than the other employees concerned and nineteen out of the twenty-two were accordingly given the benefit of the doubt and reinstated.

### ALLEGED ASSAULT AND DISMISSAL OF SUKHLAL, AN EMPLOYEE OF BENGAL NAGPUR RAILWAY WORKSHOP AT KHARAGPUR.

753. **\*Rai Bahadur Tarit Bhusan Roy:** Will Government be pleased to state whether it is a fact that on or about the 15th of June, 1926, one Sukhlal, an employee of the Kharagpur Workshop, had an attack of sun-stroke and became unconscious and that one Mr. Round of the Kharagpur Workshop dragged him by his hair and subsequently dismissed him on the plea of unsatisfactory work?

**The Honourable Sir Charles Innes:** The Agent has been asked for a report on the alleged occurrence.

NUMBER OF INDIAN SUPERINTENDENTS IN THE FOREIGN AND POLITICAL DEPARTMENT.

754. \***Mr. Gaya Prasad Singh:** (a) Will Government kindly give the total strength of the ministerial establishment in the Foreign and Political Department of the Government of India, and the number of appointments of Superintendents of gazetted rank?

(b) Has any Indian ever been appointed as Superintendent of gazetted rank? If so, who, and when and for what period?

**Mr. E. B. Howell:** (a) The total strength of the ministerial establishment in the Foreign and Political Department of the Government of India is 127. There are 10 Superintendents of gazetted rank including one for the appointment of Assistant Secretary to the Resident at Hyderabad. Particulars regarding those appointments are contained in the Foreign and Political Department Quarterly List, of which a copy is available in the Library.

(b) Khan Bahadur Inam-ul-Hak was appointed to officiate as a Superintendent for about one year, from 1st January, 1921 to 31st August, 1921, and again from 4th November, 1921 to 28th February, 1922, Mr. Pran Kishen for 4 months—from 17th November 1924 to 16th March, 1925, and Rai Bahadur Ramji Das for 1 month with effect from 9th February, 1927.

EMPLOYMENT OF INDIANS IN THE CYPHER BUREAU OF THE FOREIGN AND POLITICAL DEPARTMENT.

755. \***Mr. Gaya Prasad Singh:** (a) Is it a fact that a Cypher Bureau has been established in the Foreign and Political Department of the Government of India for about 2 years, for cyphering and decyphering telegrams of a confidential nature to and from the Secretary of State?

(b) Has any Indian been appointed in this Bureau; if so, who? And if not, why not?

**Mr. E. B. Howell:** I am afraid that it is not in the public interest to divulge information relating to what must necessarily, as the Honourable Member will appreciate, be a secret and confidential service.

**Sir Hari Singh Gour:** Does the Honourable Member consider the answer to clause (b) of the question as equally confidential?

**Mr. E. B. Howell:** That must be a matter of opinion.

**Sir Hari Singh Gour:** Clause (b) is not a matter of opinion. I am asking if any Indian has been appointed?

**Mr. E. B. Howell:** Did not the Honourable Member ask me if I considered the answer to clause (b) as equally confidential?

**Sir Hari Singh Gour:** I wish to know whether the Honourable Member is prepared to give me an answer to part (b) of the question?

**Mr. E. B. Howell:** I am not prepared to give any further answer.

NON-EMPLOYMENT OF INDIANS IN CERTAIN SECTIONS OF THE CHIEF OF THE GENERAL STAFF BRANCH.

756. \***Mr. Gaya Prasad Singh:** (a) Is it a fact that in certain sections of the office establishment of the Chief of the General Staff Branch, of the Army Department, no Indian has ever been appointed?

(b) How many such sections are there, and what is the total strength of each?

(c) If no Indian has ever been appointed in such sections, will the Government be pleased to give the reasons?

**Mr. G. M. Young:** (a) Yes.

(b) Two. The strength of one section is 5 and of the other 6.

(c) The nature of the work in these sections demands military experience which Indian clerks do not possess.

**GRANT OF PENSIONS, PROVIDENT FUND OR GRATUITIES TO THE CLERICAL  
ESTABLISHMENT OF THE AUXILIARY AND TERRITORIAL FORCE  
UNIT.**

757. **\*Mr. Gaya Prasad Singh:** (a) With reference to my question No. 822 of the 3rd September, 1924, will Government kindly state if the Committee which was appointed about that time made any recommendation that the clerical establishment of the Auxiliary and Territorial Force Units in India and Burma, should be granted any pension, provident fund, or gratuity? Will the Government kindly state the recommendations of the Committee in this respect?

(b) Do Government propose to give the clerical establishment any sort of relief referred to above?

**Mr. G. M. Young:** (a) As was stated in reply to the Honourable Member's previous question, the committee, which met over two years ago, was an informal one. It was locally convened at Calcutta, and consisted of local Auxiliary and Territorial Force officers. It made no recommendation to Government, and Government do not propose to give publicity to any of its proceedings.

(b) No, Sir, the present terms of service are sufficiently attractive to obtain the required clerks.

**GRANT OF FACILITIES FOR THE ERECTION OF A ROMAN CATHOLIC  
CHURCH IN NEW DELHI.**

758. **\*Mr. M. Ruthnaswamy:** Will Government be pleased to state:

- (1) whether Government have offered any facilities for the building of a Roman Catholic Church in New Delhi?
- (2) if not, whether they propose to consider the question of granting the same facilities as have been offered for the building of a temple and of a mosque in New Delhi?

**The Honourable Sir Charles Innes:** (1) A site of 14 acres has been granted for the purpose of erecting a Roman Catholic cathedral, college, convent and episcopal residence, on the terms on which sites are ordinarily granted in New Delhi for religious, philanthropic and educational institutions.

(2) Does not arise.

**Mr. M. Ruthnaswamy:** May I ask, Sir, whether any conditions have been imposed in regard to the grant of facilities for building a temple or a mosque?

**The Honourable Sir Charles Innes:** As I informed the Honourable Member, there are certain terms on which sites are granted for religious purposes.

INDIAN CHRISTIANS IN THE SUPERIOR GRADES OF THE RAILWAY,  
POSTS AND TELEGRAPHS AND CUSTOMS SERVICES.

759. \***Mr. M. Ruthnaswamy**: Will Government be pleased to state the number of Indian Christians in the superior grades of:

- (1) the Railway service,
- (2) the Posts and Telegraphs services,
- (3) the Customs service?

**Mr. A. A. L. Parsons**: (1) Statistics are not available with regard to the railway services.

(2) and (3). The information in regard to the Posts and Telegraphs and Customs Services is being collected and will be sent to the Honourable Member in due course.

**Mr. M. Ruthnaswamy**: May I ask, Sir, whether the information with regard to the railway service is available?

**Mr. A. A. L. Parsons**: Our statistics only differentiate between Muslims and Hindus and other classes: and I do not think we can obtain figures to show which of the employees under "other classes" hold the Christian religion.

CONSTRUCTION OF RAILWAYS TO SERVE THE COUNTRY WEST OF THE  
VIZAGAPATAM HARBOUR.

760. \***Mr. M. Ruthnaswamy**: Will Government be pleased to state whether the country to the west of Vizagapatam Harbour will be sufficiently served by railways when the harbour is completed?

**Mr. A. A. L. Parsons**: At present the Raipur-Vizianagram Railway is the only line under construction. It is too early to say yet what other lines may be undertaken when the harbour has been completed.

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UNSTARRED QUESTIONS AND ANSWERS.

PASSPORT RULES.

177. **Pandit Thakur Das Bhargava**: Are the rules relating to passports for persons entering India by sea not applicable to the case of persons who enter British India by land from across the British borders? If the reply is in the negative, will Government please lay on the table of the House those rules? If the reply is in the affirmative, will Government kindly state the ground for this distinction?

**Mr. E. B. Howell**: The rules relating to passports for persons entering India by sea are only applicable to persons entering British India by land on certain of the main routes, namely, the Chaman, Khyber, and Nushki routes. Complete passport control over the many thousand miles of India's land frontier has been found impossible for physical and financial reasons.

PENSIONS OF CERTAIN CIVILIAN CLERKS WHO PROCEEDED ON FIELD SERVICE OVERSEAS WITH THE INDIAN EXPEDITIONARY FORCES.

178. **Pandit Thakur Das Bhargava:** (a) Are Government aware that certain civilian clerks who proceeded on Field Service overseas with the Indian Expeditionary Forces and returned from service during or soon after the close of the Great War were losers in pensions as compared with their juniors who evaded field service and remained in India, as they were deprived of their acting and sub. *pro tem.* promotions in India and the Field and deputation allowances drawn by them in the field were not counted towards pension?

(b) If so, what action have Government taken or now propose to take to compensate them for such losses?

**The Honourable Sir Alexander Muddiman:** No such case has come to the notice of Government. It is open to any clerk who considers that he has lost in pension owing to service overseas with the Expeditionary Forces to represent his case to Government.

GRANT OF THE CONCESSION OF COUNTING DEPUTATION ALLOWANCE TOWARDS PENSION TO THE CLERKS OF THE MILITARY ACCOUNTS DEPARTMENT INVALIDED IN THE GREAT WAR.

179. **Pandit Thakur Das Bhargava:** (a) Is it a fact that the civilian clerks deputed to the Military Accounts Department during the last Great War, were allowed to count deputation allowance towards pension under Finance Department letter No. 1231, dated 27th July, 1917?

(b) If so, do Government propose to extend this concession to the clerks of the Military Accounts Department who were invalided in the Great War with a view to increase their pensions?

**The Honourable Sir Basil Blackett:** (a) The reply is in the affirmative.

(b) The reply is in the negative. The cases are not quite analogous.

I would point out that unless there is some explanation of which I am unaware, a serious irregularity has been committed in the placing in the non-official Member's hands of a copy of a Finance Department letter which has never been published.

SANCTION OF SPECIAL PENSIONS UNDER ARTICLE 924 (b) OF THE CIVIL SERVICE REGULATIONS.

180. **Pandit Thakur Das Bhargava:** (a) Will Government be pleased to state whether any special pensions were sanctioned by the Government of India since 1914 under the authority of Article 924 (b), Civil Service Regulations (Edition 1918)?

(b) If so, under what circumstances were they sanctioned?

SANCTION OF SPECIAL PENSIONS UNDER ARTICLE 924 (a) OF THE CIVIL SERVICE REGULATIONS.

181. **Pandit Thakur Das Bhargava:** (a) Will Government please state whether any applications for pensions in excess of the amounts admissible under Civil Service Regulations or involving any relaxation of the rules

were submitted for sanction of the Secretary of State since 1914 under Article 924 (a), Civil Service Regulations (Edition 1918)?

(b) If so, under what circumstances?

**The Honourable Sir Basil Blackett:** I propose to reply to questions Nos. 180 and 181 together. Special pensions are given very sparingly under this rule. The collection of the detailed information from the records of twelve years would involve expenditure of time and trouble out of proportion to any advantage which could be gained from the enquiry.

#### REVISION OF THE PAY OF THE MINISTERIAL STAFF IN ATTACHED OFFICES OF THE GOVERNMENT OF INDIA.

182. **Maulvi Muhammad Shafee:** (a) Will the Government be pleased to state whether the question of revision of the pay of attached offices of the Government of India is under consideration?

(b) If so, what stage has the matter reached?

(c) Has the scale of pay of the stenographers of the attached offices been already revised and enforced?

(d) If so, is it a fact that the present scale of pay of stenographers in the attached offices is higher than that of the assistants?

(e) If the reply to (d) is in the affirmative, is it not inconsistent with the practice in the Secretariat offices?

**The Honourable Sir Alexander Muddiman:** (a) and (b). A representation on the subject has been received and is under consideration.

(c) Yes.

(d) In most attached offices this is so.

(e) In the Secretariat Offices the stenographers draw Rs. 175—500 while assistants draw Rs. 200—500.

#### CLAIMS OF MUSLIMS TO APPOINTMENTS AS MEDICAL OFFICERS OF THE STATE RAILWAYS.

183. **Nawab Sir Zulfiqar Ali Khan:** Will Government be pleased to state:

(a) the present strength of the cadre of medical officers of the Indian State Railways, (East Indian Railway, Great Indian Peninsula Railway and Eastern Bengal Railway)?

(b) the number of Hindus, Moslems and Christians in that cadre?

(c) when the last Muhammadan was appointed to that cadre?

(d) whether there are any appointments contemplated to that cadre? and

(e) if the answer to (d) above be in the affirmative, whether qualified Muhammadan candidates will receive favourable consideration?

**The Honourable Sir Charles Innes:** (a) 82 (including 1 temporary), of which 3 appointments are held in abeyance.

(b) Hindus 6 (including 1 to whom an appointment has been offered but who has not yet joined).

Muslim 1.

Other classes 22.

(c) 4th April 1916.

(d) Appointments will be made as vacancies occur.

(e) Claims of Muslim candidates will be fully considered along with those of others.

#### WATER TAXES IN JUTOGH CANTONMENT.

184. **Pandit Thakur Das Bhargava:** 1. Is it proposed to revise the water taxes in Jutogh Cantonment?

2. What are the present rates of water tax in Simla, Jutogh and Kasauli?

3. By what amount is the water rate in Jutogh Cantonment contemplated to be increased?

4. What is the present basis of apportionment of tax and what will be the basis of the contemplated increase of the apportionment of the tax?

5. Is it a fact that there is only one main pipe and one meter for the Bazaar in Jutogh Cantonment?

6. Is it a fact that in days of scarcity of water the bazaar supply is reduced to half before the supply to Cantonment bungalows is affected?

7. Is it a fact that there are public water stand posts and troughs connected with the main pipe whose water supply is measured by the meter for the bazaar?

8. Is it not a fact that Jutogh Bazaar is the pass for Kashmir, Dharni, Arki, Bilaspur, Suket Mandi, Hoshiarpur, Ambala and various other important places and that hundreds of men, cattle and mules unconnected with the Bazaar have to pass every day from the bazaar and that the water used by them is also charged from the bazaar people?

9. What other taxes do the bazaar people of Jutogh Cantonment pay?

10. Are Government prepared to reconsider the situation and leave the water taxes as they are?

**Mr. G. M. Young:** (1) The answer is in the negative.

(2) to (10). If in view of the answer to (1) the Honourable Member still desires the remaining information, or part of it, and will kindly communicate with me, I will have the necessary inquiries made.

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#### PETITIONS RELATING TO THE CURRENCY BILL.

**Kumar Ganganand Sinha** (Bhagalpur, Purnea and the Santhal Parganas: Non-Muhammadan): Sir, under Standing Order 78, I have to report that five petitions signed by 12 persons as per statement laid on the table have been received relating to the Bill further to amend the



Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, which was introduced in the Legislative Assembly on the 25th January, 1927.

*Statement.*

Petitions received relating to the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, which was introduced in the Legislative Assembly on the 25th January 1927.

Number of signatories.	District or town.	Province.
7	Patna . . . . .	Bihar and Orissa.
4	Bankipore . . . . .	Do.
1	Arrah . . . . .	Do.

REPORT OF THE COMMITTEE ON PETITIONS *RE* PETITIONS  
RELATING TO THE CURRENCY BILL.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I have the honour to lay on the table the \*Report of the Committee on Petitions relating to Bills. These petitions all relate to the Bill further to amend the Indian Coinage Act and the Indian Paper Currency Act.

ORDER OF THE DEBATE ON DEMANDS FOR GRANTS.

**The Honourable Sir Alexander Muddiman** (Leader of the House): Sir, I have been approached on the question of the order in which the debate on Demands for Grants should be taken. I propose, Sir, with your permission, that we should adopt the course which I understand commends itself to the majority of the Members of this House. As, of course, it is right that Members should have due notice of this arrangement, I will state for the information of the House the procedure it is proposed to follow. We shall first of all take the Demand for Grant under the head "Executive Council", Demand No. 28. We shall then proceed to the Demands under Customs, Post Office, and Salt, Nos. 16, 23 and 18. Thereafter, we shall take the Demands under Army, Income-tax and Opium, Nos. 38, 17 and 19. Thereafter, the Legislative Department and Debt Redemption, Demands Nos. 38 and 25, will be taken, and thereafter the Industries and Labour Department, No. 39. If further time is available for discussion, the remainder of the Demands for Grants will be taken in the order in which they stand on the Order Paper.

**Mr. President:** I do not know if the Leader of the House has agreed with the leaders of the other parties with regard to the time to be allotted to each Grant.

**The Honourable Sir Alexander Muddiman:** Sir, it is not in my power to deal with that question: it rests with the House and with you, Sir.

**Mr. President:** The difficulty is that if the "Executive Council" Demand is taken up first, the question is whether all the parties of the House would agree that that should be finished on the first day and certain other Grants should be taken on certain other days and disposed of on those days. (*Cries of "Yes, yes"*.)

Then I hope no Honourable Member will rise after 5 o'clock on the 9th and thus enable the Chair to dispose of the first Grant on that day.

**The Honourable Sir Alexander Muddiman:** I shall be very pleased, Sir, if that is adopted by the House.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I do not propose to lay on the table the statement regarding the action taken on the recommendations of the Retrenchment Committee. In the interests of economy I have arranged for it to be circulated to Honourable Members and, as it is rather a lengthy document, it will be unnecessary to reprint it in the debates if it is not laid on the table.

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### THE CURRENCY BILL.

**The Honourable Sir Basil Blackett** (Finance Member): I rise to move that the Bill further to amend the Indian Coinage Act of 1906 and the Indian Paper Currency Act, 1923, for certain purposes and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, be taken into consideration. This Bill is substantially the same Bill as that which was introduced into the last Assembly in August last at Simla but was not proceeded with in view of the strong desire expressed on all sides of the House for its postponement. The principle of the Bill is that the time has come to stabilize the rupee at a fixed gold value and for that purpose to impose on the Currency Authority a statutory liability, never before imposed, to maintain the rupee at the ratio to gold so fixed. In the pre-war system, there were no statutory provisions preventing the rupee from falling below the fixed ratio to gold, so that the link between the rupee and gold was imperfect. The Bill now before us is intended to be operative only during the interim period between the time it is passed into law and the time when the Gold Standard and Reserve Bank Act comes into operation. The future of Indian currency after that date will be regulated by the provisions of the latter Act. This Bill is, therefore, a transitional measure only.

2. But though the Bill is limited in scope, it raises directly a question which has become a matter of somewhat acute controversy, namely, the question of the exact ratio which should be fixed between the rupee and gold. In view of what has happened between now and last August, it is, in my opinion, no longer possible to divorce the principle of this Bill from the question of the exact figure at which the rupee should be stabilised. Either the risks of immediate stabilization and the objections to immediate stabilization are still so great as to make it

desirable to wait a little longer or the time has come to stabilize the rupee at a ratio of 8·47 512 grains of gold, that is, the ratio corresponding to 1s. 6d. gold per rupee. The principle of the Bill is that the time has come to restore real stability to Indian currency, and that can only be at 1s. 6d. To put 1s. 4d. on the Statute Book now means not stability but a new and exceedingly uncomfortable period of instability of financial and economic conditions in India, all the more difficult and dangerous because it would be brought about, not gradually or by the operation of ordinary causes affecting exchange, but by the arbitrary fiat of the Government and Legislature and in a catastrophic manner.

3. Let the House consider what is really involved in the proposal to amend this Bill so as to fix the ratio forthwith at 1s. 4d. instead of 1s. 6d. gold. It means that a statutory obligation is imposed on the Government as Currency Authority forthwith to water the currency to whatever extent may be necessary to prevent exchange from rising above approximately 1s. 4 $\frac{3}{4}$ d. The moment it became known that the Government were prepared to accept the views of the school which desires to substitute 1s. 4d. for 1s. 6d. in this Bill, exchange would fall at once to the neighbourhood of 1s. 4 $\frac{3}{4}$ d. and the Government would have no option but to expand the currency by a very large amount in order to keep exchange down to that figure. There is very little doubt that the expansion required in the first instance would be in excess of what would ultimately prove requisite. This nearly always happens when a special effort has to be made to keep exchange down. After a certain time the pendulum would swing back and a new period of contraction of currency such as we have recently been experiencing would ensue in order to prevent exchange from falling below approximately 1s. 3 $\frac{1}{4}$ d., that is, below the gold export point corresponding to 1s. 4d.

4. The first effect would be to cause something like a financial panic, with all round dislocation of business and enormous and entirely unmerited losses to all sorts of people in India. There would be a sharp rise in prices all round, a rise of approximately 12 $\frac{1}{2}$  per cent. the greater part of which would naturally take place at once. There would be labour unrest and social and economic discontent all over India. What answer could the Government and the Legislature give to bankrupt merchants and traders whose misfortunes were entirely due to their action? What answer could the Government and the Legislature give to wage-earners, industrial, agricultural and commercial, whose real wages had been suddenly and arbitrarily reduced? What would be the position of the Government and of this House towards Government employees of all classes? Many Members of this House have been pressing the claims of the postal servants and of the telegraphists for improved conditions or have been complaining of the unduly low wage of the railway men or of the clerical establishments in various Government departments. Is anyone in the House prepared to contend that the Government would be justified in refusing or that they would support the Government in refusing any increase in money wages to the postmen, to the lower paid clerical staff in Government offices, to the railway workmen and so forth, if these employees of the Government came forward, as they undoubtedly would, with a complaint that the Government and the Legislature had reduced their real wages by 11 per cent. and a demand for a compensatory increase in money wages?

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5. Look again at the case of the factory hands and industrial and commercial employees generally. It is not denied that the hope of effecting a concealed reduction of wages is nakedly present in the minds of many of the advocates of 1s. 4d. Are the House satisfied that the real wages of the workers all over India are on a scale which justifies an all-round reduction of something like 11 per cent? Clearly, this is not the case. Even if there are particular industries where wages are at present unduly high, the Currency Commission are on sure ground in saying that it is not sound policy to use the currency as a lever to reduce wages. And even in the special case of wages in the Bombay cotton mills, are the House prepared to decree a heavy cut? A big Bombay mill-owner was asked not long ago if he thought wages could stand a reduction and his answer was "as a mill-owner, yes: as a humanitarian, no". The inevitable result of a reduction of the exchange to 1s. 4d. would be a series of strikes all over the country, in the cotton industry, in the jute mills, in the iron and steel works, wherever the employers were unwilling to make a corresponding increase in money wages. Even supposing that the Government were prepared to stand silently by as strike after strike took place and leave the employers to fight the matter out with their employees, does Sir Victor Sassoon, does Mr. Gavin Jones, really think that when his workmen come to him and say "You have made a cut of 11 per cent. in the value of our wages and we want a rise", he can reply, "No, we have not cut your wages. It is the Government who have cut your wages. They have done it in the interests of India. Incidentally, of course, it helps our pockets, but it only means that you will no longer waste your money on extravagant luxuries and be willing to work harder"? After his evidence before the Currency Commission, does Sir Victor Sassoon really think that he can take that line and avoid a series of strikes or that he will have the sympathy of the public when the strikes come?

6. I do not forget that in a speech on the Railway Budget Sir Victor Sassoon repudiated his evidence before the Currency Commission and tried to make out that the cost of living would not rise by more than one or two per cent. His argument was based on the analogy of what took place when exchange was gradually rising and the index numbers of wholesale and retail prices were influenced by many factors besides exchange. This analogy is of little value for the case now before us, when with no change in any of the other factors, the established rate of exchange is to be suddenly and violently altered. Clearly Sir Victor Sassoon proves a little too much. If he is going to raise the price of his own cotton goods by something like 12½ per cent. and the agriculturist is going to get 12½ per cent. more in terms of rupees for cotton and food grains, the cost of living for the wage-earner must go up correspondingly. Sir Victor Sassoon would have been wiser to stick to the evidence he gave to the Currency Commission. It is absurd to pretend that the cost of living will not go up immediately by the greater part of 12½ per cent., and eventually be higher by the full 12½ per cent. with exchange at 1s. 4d. instead of 1s. 6d. The Honourable Baronet's argument is demonstrably wrong, and in addition is a complete denial of the whole foundation of his other arguments about the gain to the agriculturists from the 1s. 4d. ratio.

7. Whatever the arguments for or against immediate stabilisation at 1s. 6d., I submit that the alternative of immediate stabilisation at 1s. 4d. is entirely out of the question. It is absolutely unthinkable, that we

should suddenly and arbitrarily decree a depreciation of 11 per cent. in the value of every rupee, every currency note, every title to money in India. The choice, if there is a choice, must be between stabilising at 1s. 6d. now and not stabilising at all at present. A decision not to stabilise at all at present is not inconceivable. There are indeed some distinguished advocates of this course, such as Sir Charles Addis, and it has, I believe, some support in Calcutta among some of the exchange bankers. The view which this school puts forward is, I think, that it is open to question whether gold prices and conditions generally the world over have sufficiently settled down as yet so as to justify India in finally surrendering her freedom to give preference, in case prices fall or rise steeply, to stability of prices rather than stability of exchange. Some of them go on to say that the existence of large quantities of silver rupees in India in excess of those required for circulation and the well-known pitfalls that all attempts to deal with Indian currency hitherto have stumbled into afford extra reasons for special caution and even make it doubtful whether stabilization is really possible at any figure whatever.

8. The answer to this school may be given shortly. First of all, the Commission are unanimous in recommending immediate stabilization after fully considering all the arguments against. In the second place, we have in fact enjoyed absolute stability of exchange for practically two years and in relation to sterling for  $2\frac{1}{4}$  years and India has greatly benefited thereby, and the Currency Authority has in fact managed fairly comfortably to maintain stability in spite of the recognised difficulties, which may indeed be said to have, to a very large extent, been already met and overcome during the last two years. Indeed not the least important of the arguments for stabilising now at 1s. 6d. gold is the fact that any other course involves undoing what has been done and taking the risks of having to begin all over again.

9. Theoretically, it is true that stability of prices and stability of exchange are not absolutely compatible. But as a matter of history, the two have more often been found in conjunction than in isolation; and except in times of world convulsions the experience of mankind goes to show that stability of exchange has been a useful contributory factor in maintaining reasonable stability of prices. It is impossible to prophesy the future course of prices or to say with absolute assurance that world conditions in general are now making for stability. The present ferment in China is clearly a new argument on the other side. But the Commission satisfied themselves that there were good prospects of reasonable stability. Most people, I think, will accept the view of the Currency Commission that, "there is not any event in the foreseeable future which would be likely to make conditions more favourable for the purpose of stabilisation than they are at present, and the outcome of which ought therefore to be awaited". Moreover, there are some special factors which are making for the maintenance of stability of world prices generally. It is well-known that the strongest financial countries, Great Britain and the United States of America, are both directing their monetary policy towards the maintenance of stable prices at somewhere round the Index number of 150 as compared with 100 prewar. This has been publicly affirmed to be the policy of the Federal Reserve Board of the United States.

10. There are also some arguments peculiar to the present conditions in India which reinforce the view taken by the Government in this Bill,

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namely, that the time for immediate stabilisation has arrived. A decision to postpone immediate stabilisation would have consequences not indeed so disastrous as a decision to stabilise at once at 1s. 4d., but extraordinarily disturbing. It would mean going back on the policy adopted by the Government on the recommendation of the Currency Commission last August, a retrograde step from certainty to renewed uncertainty, and therefore all the more unsettling. There are, I suppose, three alternative courses which might possibly be taken if the Legislature came to the conclusion that it was undesirable to concede the principle of this Bill. The first is that the Government should continue, as they have been doing, by executive action, to maintain the ratio at 1s. 6d. and take some later opportunity to secure statutory authority for that ratio. If this course were taken with the full concurrence of the Legislature, it would obviously be only very slightly different in its results from the effects of passing this Bill into law. But it would be less convenient from the point of view of both the Government and the country. The inoperative ratio of 2s. would remain on the Statute Book, gold would still not be receivable at the *de facto* rate, and there would be no statutory obligation to prevent exchange from rising above or falling below the gold points. Further the unnecessary complications in our accounts could not be got rid of for the time being and there would presumably continue to be some agitation in the country and some consequent uncertainty in the money market regarding the permanence of the 1s. 6d. ratio. The two remaining alternative courses depend on the assumption that it has been decided that the time has not yet come to arrive at any conclusion as to what the ratio should be. Either the Government as Currency Authority might leave the exchange entirely to the play of natural forces or it might aim at stabilising prices at or around some given Index figure, while leaving exchange to fluctuate with reference to external causes affecting world prices. The first of these alternatives means, I suppose, that the Government would withdraw entirely from the responsibilities which it at present undertakes for the regulation of the supply of legal tender. It would neither add to the currency by expansion nor reduce it by contraction, and would leave the exchange to be regulated by the combined effect of internal weather and other conditions inside India and the movements of external prices. The Government would in fact give up altogether what is called by its opponents the manipulation of currency and no other authority would take its place. If the Government had done this in the last three or four years, the course of the rupee sterling exchange would have showed most extraordinary and violent fluctuations. It might have gone up to 2s. at one time and come down again to 1s. 6d. or possibly even lower. The ultimate effect of complete withdrawal by the Government would, I suppose, theoretically be to push exchange eventually to 2s., the figure on the Statute Book. But the picture is not really a conceivable one. Any such complete withdrawal by the Government in the winters of 1923-24 and 1924-25 would undoubtedly have been followed by widespread bankruptcies owing to abnormal stringency in the money market and for the time being all possibility of Government borrowing in India would have come to an end. The Government would have been unable to meet its maturing obligations otherwise than by borrowing outside India. All railway development and other capital development would have been brought to a sudden stop and most businessmen would have been driven out of business. Indeed a very

short experience of such abstention by the Government would have resulted in the commercial communities coming in deputation to Government and imploring them to take action or, alternatively, in a successful revolution to get rid of the Government altogether. (*Mr. T. C. Goswami*: "A jolly good thing".) The policy of complete abstention is not, therefore, practical politics.

11. If the Government do not abstain completely from intervention in the matter of the supply of currency and if the policy of regulating that supply in order to maintain exchange stable at 1s. 6d. is not to be continued, the only alternative is for the Government to attempt to keep prices stable at or around some given Index number and to proceed to add to or deplete the currency with reference to the tendency of prices to fall or rise. This is a possible policy. But in the first place, it is entirely contrary to the unanimous recommendation of the Currency Commission, and in the second place, it involves a preliminary decision on the question whether prices are to be kept stable at or around the present Index number or whether some other figure is to be chosen; and if so, what that figure is to be. I can hardly think, for example, that the House would like the Government to aim deliberately at raising the level of prices all round yet this is what seems to be the main aim of the protagonists of 1s. 4d. This alternative in fact leaves the Government in exactly the same invidious position in which they were before exchange was temporarily stabilised at 1s. 6d. and open to violent criticism from every quarter in every conceivable contingency. It continues indefinitely the unsatisfactory position of Indian currency in the state in which it was left after the breakdown of the pre-war system in 1917 and the failure of the attempt to restore stability of exchange in 1920. Nor does it avoid controversy, for very much the same controversy would arise over the question of the Index Number of wholesale prices around which a fresh attempt should be made to maintain stability as has arisen over the question of the exact ratio of the rupee to gold and such a policy is just as likely to lead eventually to a higher ratio than 1s. 6d. as it is to lead to a lower one. If there were a real probability of a fresh period of violently fluctuating world prices, there would be much to be said for this alternative. But in the present conditions, it appears to me that it offers little or no benefit to India while it sacrifices all the real advantages of stability of exchange.

12. Let me sum up the various alternatives that I have discussed.

- (a) The first is complete abstention by the Government from intervention to regulate exchange, leading to enormous fluctuations and probably to a money panic and, eventually if it is conceivably possible at all, to a 2s. rupee.
- (b) An attempt to stabilise prices round the existing level of wholesale prices, say an Index Number of about 150, or round some different level of prices, leading to a long period of uncertainty, absence of stability of exchange and undiminished controversy.
- (c) Stabilisation at 1s. 4d. as advocated by a vocal party in the country leading to immense immediate losses, social and labour unrest, higher prices all round in terms of rupees and increased cost of living all round in terms of rupees.

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deficits in the budget of every Government in India involving increased taxation and, when final equilibrium has been restored, no permanent benefit to anybody.

(d) Stabilisation at 1s. 6d. as proposed in the measure now before us.

13. So many arguments have been advanced by the advocates of 1s. 4d., that there is danger that the case for 1s. 6d. may be insufficiently stated and understood. The controversy that has been going on for the last 6 months and longer has tended to take the form of the setting up of one argument after another by the opponents of 1s. 6d. and the demolition of these arguments one after another by the advocates of 1s. 6d., in such a manner that the case for 1s. 6d. has tended to be forgotten. If my analysis of the position as given above is at all correct, the reason for this tendency is clear. The *de facto* ratio holds the field, has held the field for nearly two years, is working reasonably well, has brought about stability and increased confidence all round, has helped enormously to restore balance and stability to budgets and in a special degree to secure for the agriculturist a fair price for his produce. And the onus of proof that some other ratio ought to be substituted for it rests with the advocates of that other ratio. There is no real onus on the supporters of the *de facto* ratio to prove the case for maintaining it. It is for its opponents to show cause for upsetting it.

14. I think it will be useful, if I proceed to state the case for 1s. 6d. In a speech which I made in Calcutta December last before the Indian Chamber of Commerce, I summed the case for 1s. 6d. up in eleven points. None of these have since been seriously challenged. I repeat them here and challenge any economist in the House to find any flaw in them. They are as follows:—

- (1) The silver rupee has no natural value other than the value of the silver bullion which it contains. Any other value than this for the silver rupee must be artificial.
- (2) No one ratio for the rupee can possibly be permanently more advantageous for India than another. The question is not and never can be whether one particular ratio, say, 1s. 6d., is permanently more advantageous for India than some other ratio, say, 1s. 4d. or 2s.
- (3) All arguments based on the belief that the fixation of one particular ratio is definitely and permanently advantageous or disadvantageous to this or that interest are entirely irrelevant.
- (4) A rising rate of exchange tends temporarily to assist imports and discourage exports, but this tendency is often counteracted, in whole or in part, by movements in world prices as happened in the case of India from 1922 to 1925.
- (5) A falling rate of exchange has the opposite tendency. But this again is often counteracted by external causes affecting the level of prices.
- (6) A fluctuating rate of exchange restricts the volume of trade and commerce and subjects both the producer and the consumer



to losses without necessarily profiting the middleman who is often unwillingly made a speculator when he would prefer to do safe business.

- (7) A stable exchange is what everybody wants and is to everybody's interests.
- (8) In considering the fixing of the ratio at the present time, the first question must be "Is the time ripe for fixing the ratio"? The Currency Commission are unanimous in saying that it is.
- (9) The only other relevant question is: "At what ratio can stability of exchange be most easily and quickly secured"? The Commission are unanimous on this point also.
- (10) The Commission are unanimous in saying that if prices have adjusted themselves in a preponderant degree to the ratio of 1s. 6d., it is in the interests of India that the ratio should be fixed at 1s. 6d.
- (11) If it is accepted that the time is ripe for stabilising the rupee, the only point open to argument is whether prices have adjusted themselves in a preponderant degree to the 1s. 6d. ratio. This is a question of fact to be examined as such.

15. Let me expand some of these points a little. There has been a great deal of loose talk about this, that or the other ratio being natural or artificial. The only possible natural ratio for the silver rupee is its value as silver. Until 1893, this was its only value. But it was found that a silver standard led to such enormous and continuous fluctuations in the exchange value of the rupee in relation to the currencies of Gold Standard countries that the old mono-metallic standard was deliberately discarded and India started forth on the long and painful journey towards a Gold Standard, the last stages of which we are now engaged in trying to complete. The ratio of 1s. 4d. sterling was established as a result of the Fowler Committee's Report in 1899. It is an interesting commentary on the present day controversy that the supporters of 1s. 4d. to-day as against 1s. 6d. are continually harping on the recommendations of the Fowler Committee. That report is one of their greatest favourites. But the curious thing is that their arguments are, to a very large extent, simply a re-echoing of the Minority Report of the Fowler Committee. And the Minority wanted a ratio of 1s. 3d. instead of 1s. 4d. for very much the same reason as the opponents of 1s. 6d. now clamour for 1s. 4d. In view of the popularity of Minority Reports and Minutes of Dissent, I find it difficult to understand why 1s. 4d. and not 1s. 3d. should be the alternative to 1s. 6d., which finds favour to-day. In 1899, the *de facto* ratio was 1s. 4d., though it was not by any means so firmly or so long established as 1s. 6d. is to-day. And the main reason for choosing 1s. 4d. in 1899, was that it was the *de facto* ratio. And that is the main reason for choosing 1s. 6d. to-day.

16. The ratio of 1s. 4d. was maintained by careful regulation of the currency, or what is called 'manipulation', from 1899 to 1916. It suited India well enough because it became firmly established. But it was an artificial and not a natural ratio, a fact which was clearly demonstrated—hence our troubles to-day—when in 1917 the value of the silver in the silver rupee increased beyond the value of the silver rupee as a coin. Inconvertibility was then held to be impracticable and the only course open was to allow the standard once again to become for a time a mono-metallic silver one and to allow the exchange value of the silver rupee to soar to

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unprecedented heights. The ratio has not been 1s. 4d. sterling or 1s. 4d. gold for more than a few months together at any time since 1917. Clearly, 1s. 4d. is in no sense a natural ratio, nor is it the established or *de facto* ratio to-day.

17. Points (2) and (3) are as follows:—

(2) No one ratio for the rupee can possibly be permanently more advantageous for India than another. The question is not and never can be whether one particular ratio, say 1s. 6d., is permanently more advantageous for India than some other ratio, say, 1s. 4d. or 2s.

(3) All arguments based on the belief that the fixation of one particular ratio is definitely and permanently advantageous or disadvantageous to this or that interest are entirely irrelevant.

There is, I think, a good deal of misapprehension on these points. No argument is more often repeated by the exponents of 1s. 4d. school than that the agriculturist whose produce is sold for export loses 12½ per cent. on all he sells. The favourite form of the argument often used by Mr. Jamnadas Mehta is the charge that India is being made to lose 40 or more crores a year by the 1s. 6d. exchange. I would ask Mr. Jamnadas Mehta to compare that argument with Sir Victor Sassoon's argument a day or two ago that it makes no difference with the ratio at 1s. 4d.: 59½ crores of rupees more are required to pay the sterling debt. If the two can square those arguments, they can perform the feat of squaring the circle. Let us examine this charge. My first answer is that if you can produce a gain of 40 crores or more for India by arbitrarily reducing exchange from 1s. 6d. to 1s. 4d., why not double or treble or quadruple the gain by going down to 1s. 2d. or 1s. or 10d.? This *reductio ad absurdum* should at least warn those who make this charge that there is some flaw in their argument. And the flaw is this. Nothing is gained by the Indian exporter or any one else if he receives in payment for what he sells a larger number of rupees of less value instead of a smaller number of rupees of greater value, if the gold or commodity value of what he receives remains unaltered. This is exactly what happens, as the following analysis will show:—

A sells produce with a world market or destined for export for 1,338 rupees with exchange at 1s. 6d. for which, if exchange were at 1s. 4d., he would get Rs. 1,500. The contention is that he loses 167 rupees owing to exchange being at 1s. 6d.

But it is agreed by all that under a gold standard the only thing that matters is the gold value of the money which a man gets for what he sells and pays out for what he buys. It is important to remember that though for convenience we talk of stabilising at 1s. 6d. what we really mean to do is to fix the gold value of the rupee at 8·4751 grains per rupee. The habit of talking of the rupee in relation to its sterling value is responsible for more than one fallacy in the Currency League's propaganda. The theory of a gold standard is that all money transactions take place either in gold or in legal tender notes or coins with a fixed gold value, and all prices are gold prices. Now, with the rupee at 1s. 6d., the rupee has a value equal to 8½ grains of gold. With the rupee at 1s. 4d., the rupee has a value

of  $7\frac{1}{2}$  grains of gold. I ignore the decimal points for convenience. Now our friend A at present with the rupee at 1s. 6d. receives 1,833 rupees, each worth  $8\frac{1}{2}$  grains of gold. With the rupee at 1s. 4d., he receives 1,500 rupees each worth  $7\frac{1}{2}$  grains of gold. A simple sum in multiplication will show that in each case he receives rupees worth exactly the same amount in gold, viz., approximately 11,300 grains of gold. If A desires to spend the whole of his rupees in buying gold, he gets exactly the same amount of gold whatever the exchange rate, and since all values under a gold standard are gold values, determined, that is, by the value of gold, the rupees he receives in either case give him exactly the same power of purchasing commodities whatever the commodity he desires to purchase. (*An Honourable Member*: "Question.") It is easy enough to question arguments but it is difficult to question facts. It is clear that once prices are stabilised at the gold value determined by the ratio between the rupee and gold, there is and can be neither loss nor gain to the producer or the exporter or anyone else. All that can possibly happen as the result of lowering the ratio is that during the period of instability, while prices and taxes are being readjusted to the new ratio, there will be some people who will temporarily make extra profits and some who will correspondingly make losses and experience shows that it is nearly always the agriculturist on whom the biggest losses fall.

18. Points (4), (5) and (6) about a falling, a rising and a fluctuating rate of exchange are self-explanatory. So is point (7). A stable exchange is what India wants and what everybody wants. I need not comment on these points. They lead directly and inevitably to the unanimous conclusions of the Commission which were summed up in points (8) and (9). In considering the fixing of the ratio at the present time the first question must be, "Is the time ripe for fixing the ratio?" The Commission say that it is. And the only other relevant question is, "At what ratio can stability of exchange be most easily and quickly secured?"

19. We now come to Point (10).

*Point (10).*—The Commission are unanimous in saying that if prices have adjusted themselves in a preponderant degree to the ratio of 1s. 6d., it is in the interest of India that the ratio should be fixed at 1s. 6d.

Let me quote the Commission's exact words on this point. (Paragraph 177 of the Report). "We wish to make it clear at the outset that the central and, as it seems to us, the decisive factor is the extent to which the prevailing rate of exchange is reflected in internal prices. We are unanimous in holding the view—and indeed it is a proposition which it would be difficult to controvert—that if it can be shown that prices have, to a preponderant degree adjusted themselves to the *de facto* rate, then that rate must be adhered to."

It will be seen that the Commission are unanimous and they go so far as unanimously to describe this proposition as one which is not far short of incontrovertible. Sir Purshotamdas Thakurdas has, I believe, since the date of the Report, described this proposition as a mere theoretical platitude. If so, it is one of those flat-footed platitudinous truths which sometimes flatten out the whole elaborate case of anyone who tries to build up an argument which ignores them.

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20. I come now to Point (11).

*Point (11).*—If it is accepted that the time is ripe for stabilising the rupee, the only point open to argument is whether prices have adjusted themselves in a preponderant degree to the 1s. 6d. ratio. This is a question of fact to be examined as such.

A great part of the Minute of Dissent from the Currency Commission's Report is devoted to trying to produce evidence to show that prices have not adjusted themselves in a preponderant degree to 1s. 6d. or at least that they had not adjusted themselves at the time when the Minute was written in May or June, 1926. I examined some of the arguments in the Minute in a speech I made in Delhi, in November, 1926, and showed that if some necessary corrections were made in the arithmetic and if the figures were brought up to a more recent date, the conclusion which emerged directly from Sir Purshotamdas's own arguments would be that even when the Minute was written, prices had already adjusted themselves in a preponderant degree to 1s. 6d. and that this adjustment, in so far as it was incomplete at that date, had been in a process of rapid completion since.

21. Here, I should like to remind the House of the events of August last when the previous Bill was brought before the Assembly. I pointed out to the House that the main case for 1s. 4d. was founded, in the Minute of Dissent, on the argument that adjustment to 1s. 6d. was incomplete and that it was not too late for 1s. 4d. to be chosen instead. I pointed out that the postponement of the Bill inevitably meant that such case as might be advanced for questioning 1s. 6d. would be completely destroyed by postponement. Nevertheless the House pressed for postponement and the Government yielded. I do not know whether it is going to be seriously argued to-day that prices have not adjusted themselves to the 1s. 6d. ratio in a preponderant degree. I hope I may still rely on Sir Purshotamdas not to throw over his Minute of Dissent. But among the supporters of 1s. 4d. I have observed recently a strong tendency to shift the ground entirely. A book has recently been published with a special eye to these discussions by Mr. C. N. Vakil and Mr. Muranjan entitled "Currency and prices in India" in which the 1s. 4d. ratio is strongly supported, so that, I suppose, the views of the authors will find favour with the Currency League. The authors of that book entirely repudiate the argument in the Minute of Dissent as regards non-adjustment of prices. They dismiss the whole argument cursorily with the remark that "the question raised by the Commission in paragraph 177 of their Report whether prices have to a preponderant degree adjusted themselves to the existing *de facto* ratio need not be raised. This is a truism known to every businessman". They go on to say that "the question is of an essentially different kind. The whole process has been reversed and therefore attention is directed to a wrong point of view which reduces itself to a truism as shown above. Instead of prices determining exchange, exchange has been made to determine prices through conscious control; and when the inevitable result of such a policy, namely, the harmony of internal prices with world prices is in sight, we are told once again to change our angle and say that because adjustment has taken place, we should fix the *de facto* ratio by law". Note that the authors expressly admit the success of the Government's policy of securing the harmony of internal prices with world prices, which is the whole meaning and purpose of stability of exchange at whatever figure it may be sought

to fix it, whether 1s. 6d. or 1s. 4d. The authors proceed however to argue that India should revert to 1s. 4d. because it is the pre-war ratio while admitting that the restoration of the 1s. 4d. ratio "would now certainly mean some trouble and sacrifice though not of our own making". I fail to see what consolation it will be to India generally and to the individual sufferers to know that the trouble is "not of our own making", especially as the trouble will have been deliberately brought upon them and upon India by the action of the Legislature if it rejects the Government's recommendation in this Bill, and all the trouble and sacrifice can be avoided by the acceptance of the Government's recommendation. Why should we deliberately destroy that harmony of world prices with internal prices which is the end and object of stability of exchange just as we have successfully achieved it, simply in order to achieve it once again at a different level at the cost of needless suffering and tribulations, for which there is no compensation of any kind?

22. What then is the position we have reached? Some of the strongest advocates of the 1s. 4d. rate admit that it is hopeless to try and argue that prices have not adjusted themselves in a preponderant degree to 1s. 6d. They recognise that prices have adjusted themselves and that every businessman knows it. They have, therefore, shifted their ground entirely and now rely on an argument which seems to me quite unconvincing and unduly emotional. I shall be interested to hear what Sir Purshotamdas Thakurdas has to say on this. But I should like to make an appeal to him. He has put up a great fight which we all admire. But the facts are against him. The unanimous verdict of the Currency Commission in which he concurred is against him. His own Minute of Dissent is against him. Does he still adhere to the unanimous view of the Commission, which is so difficult to controvert, that if prices have adjusted themselves in a preponderant degree to 1s. 6d., then 1s. 6d. should be adopted? If he does so, I may yet perhaps find him voting in the same lobby with me.

**Sir Purshotamdas Thakurdas:** Or you in the same lobby with me.

**The Honourable Sir Basil Blackett:** If prices have not adjusted themselves to 1s. 6d. I will join him in the other lobby. If he and his supporters do not adhere to the Minute of Dissent, is it not rather hard on the Government that after the whole elaborate case has been stated for the world to read in a Minute of Dissent appended to the Report of a Royal Commission, that all the Government gain by destroying that argument is that they should have to start again destroying a new set of equally fallacious arguments?

23. And what does the admission, that prices have adjusted themselves in a preponderant degree, mean? It means that there is no more reason to-day for disturbing the 1s. 6d. ratio than there was for disturbing the 1s. 4d. ratio in, say, 1907. It means that we have come to the end of a long struggle to restore equilibrium to currency and exchange and prices after the war upheaval. It means that the supply of currency has been brought into harmony with the demand at the existing level of prices and internal prices into harmony with each other and with world prices. It means that businessmen and traders of all kinds can go ahead, once the last remains of uncertainty are removed by placing 1s. 6d. on the Statute Book, with confidence and hope to expand their activities to launch out into new and promising ventures, without any fear of seeing all their bright hopes upset by the vagaries of exchange, and with a prospect of reasonably stable prices also, knowing as they do that strong

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influences are at work to keep world prices steady at about the present level, they can look forward to normal conditions generally and expanding opportunities in every direction.

24. Stability of exchange and prices means more perhaps to the agricultural community than anything else in India. Look what the comparative stability of the last two years has already done. It has removed fears of increases in existing taxation, actually lightened burdens in some cases, for example, cotton excise duty and water-rates in the Punjab; it has begun to reduce Railway fares and freights; it has reduced provincial contributions. Still more, it has enabled the agriculturist to get a fair price for his produce. What is the lesson of the following figures?

In December 1923, exchange stood at 1s. 3d. gold. The Index No. of prices for cereals was 105 and for pulses 109. These two heads cover more than 50 per cent. of the total agricultural production of India. In December 1926 exchange stood at 1s. 6d. gold and the Index No. of prices for cereals was 133 and for pulses 159. Why has the value of food grains come up in spite of the rise in exchange? The answer is, mainly, that in times of fluctuations of exchange and general instability of prices, the agriculturist all too frequently finds that while the prices of the things he buys go up against him, the prices of what he has to sell do not rise in anything like the same proportion. Stability has restored the equilibrium and has brought the agriculturist into his own again. Even in the case of cotton which for a long time stood at a very high level as compared with other commodities and the Index No. for which has recently come more into equilibrium with other commodities, the following figures supplied to me by a firm in Bombay will show how unimportant exchange has been as a factor in prices as compared with other factors.

Date.	Liverpool Futures March delivery.	Fully good Bengal.	Exchange.
21st December, 1920	10-57d.	Rs. 215 per candy of 784 lb.	1/0½ gold.
28th February, 1921	6-80d.	Rs. 185   "   "	1/0½ "
25th January, 1927	7-18d.	Rs. 230   "   "	1/6 "

It will be seen that in spite of a rise of nearly 50 per cent. in the gold value of the rupee, the rupee price of cotton so far from falling has risen appreciably.

25. I wonder whether it is really necessary for me to spend time and labour on meeting the argument about the sanctity of the pre-war ratio. Most of the arguments of the Currency League are based on an entirely incorrect assumption that the Government have suddenly and violently raised exchange from 1s. 4d. to 1s. 6d. in a month or two. It was not the Government's action but the effect of the War which upset every currency system in the world and India's among them, and disturbed the 1s. 4d. ratio. For 10 years the rupee has had no fixed ratio to either gold or sterling, and, as a matter of fact, the ratio which it is proposed to alter in this Bill is not

the ratio of 1s. 4d. but the ratio of 2s. gold. It is not proposed now suddenly to raise the ratio; but on the contrary it is the opponents of 1s. 6d. who want now suddenly and violently to lower the value of the rupee. And the argument with which I am now dealing is that because 1s. 4d. was the pre-war ratio for a period of less than 20 years, it ought now to be regarded as sacrosanct and immutable in spite of the experience of the last 10 years. And what does India stand to gain by this reversion to the pre-war ratio? Nothing except the sentimental satisfaction of restoring 1s. 4d. And at what cost? At the cost of much sacrifice and suffering, as is admitted even by some of the foremost protagonists of the 1s. 4d. ratio. It is admitted that there can be no permanent gain to anyone from a reversion to 1s. 4d. I put it to the House that there is no more reason for suddenly changing over from 1s. 6d. to 1s. 4d. now than there would have been in 1907 for changing from 1s. 4d. to some other ratio.

26. It may be true that certain interests in India will gain temporarily at the expense of certain other interests. Some employers may gain temporarily at the expense of their workmen. A certain number of speculators may make handsome profits. The higher level of taxation that will be necessary may fall more heavily on some classes than on others. But for India, as a whole, there is and can be no permanent gain, and there must and will be certain and serious losses. Does the House want to reduce by 11 per cent. the value of every rupee and every currency note now in circulation? That is what the demand for 1s. 4d. means for the permanent benefit of nobody. Does the House want to start a new era of fluctuating exchange, of rising prices, of social and industrial unrest, with an increase in the cost of living all round? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

Does the House want to reduce by 11 per cent. the real wages of all wage-earners, agricultural and industrial, of all clerks and shophands in private employ, of postal employees, railway employees, to reduce the value of every fixed income by 11 per cent? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

Does the House want to upset the equilibrium of every budget in India, Central and provincial, and to face the task of imposing additional taxation all round? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

Does the House want railway rates and fares to be raised all round at a moment when the railways have launched on a policy of reduction? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

Does the House want the complete remission of the provincial contributions to be postponed indefinitely? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

Does the House want to postpone indefinitely the reform of the Indian currency system? That is what the demand for 1s. 4d. means for the permanent benefit of nobody.

27. All these unpleasant consequences can be avoided by the simple process of maintaining, as we propose, the *de facto* ratio. What possible reason is there why the whole equilibrium which we have now reached after painful years of struggle should be upset simply in order that after several years more of suffering and needless losses we may gradually

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restore a new equilibrium with exchange at 1s. 4d. instead of 1s. 6d. for the permanent benefit of nobody?

Sir, I move. (Loud Applause.)

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, it is after a very long time that a question of the great importance of currency reform has been laid before the Government of this country (*Voices*: "Louder, please"), modified as it is by the presence of a number of elected representatives of the people in this Assembly; and I cannot conceive of any question of greater importance to the country, to the welfare of the people, than the one which is now before us. The Honourable the Finance Member has in his very eloquent speech said all that he had to say in favour of maintaining the ratio of 1s. 6d. Of course he has described that issue as the only issue according to his judgment which the Assembly has to deal with. But I wish, Sir, to draw the attention of the Assembly to the fact that the question before the House is not merely one of fixing the ratio of the rupee to the sovereign at 1s. 4d. or 1s. 6d. This question is undoubtedly of importance, of greater importance, because of the special circumstances in which it has been brought before the House, than it would be by itself. But the great question before the House is, what is the right measure, correct measure, of currency reform which the country wants to work up to? In that view, I submit, Sir, the question of the ratio becomes one of secondary importance. The important question before the Assembly is, what is the reform of the currency which the House is going to adopt now? Now, Sir, in that view it is important to review the history of the currency in this country for some time past. A gold mohur or fifteen rupee piece was introduced by the Company some time in the thirties but except for a short period, under the decision arrived at by it in 1806, silver used to be the basis of the coinage of the country up to 1893. In that year the Government decided artificially to raise the value of the rupee, which stood at that time at about 11d. But prior to that, in 1876 a proposal to raise the value of the rupee had been mooted by the Government of India. It was communicated to the Secretary of State, and he referred it to the Lords of the Treasury. They discussed the proposal at great length; and in order that the House should fully understand the bearing of their opinion upon the question before us, I would beg leave to quote it at length here. In his statement before the Fowler Committee, Mr. Dadabhai Naoroji quoted from the Treasury Letter of 24th November 1879 to the India Office as follows:—

"1. The proposal appears to be open to those objections to a token currency which have long been recognised by all civilised nations, namely, that instead of being automatic it must be managed by the Government, and that any such management exposes the Government which undertakes it to very serious difficulties and temptations.

2. It appears to my Lords that the Government of India in making the present proposal lay themselves open to the same criticisms as have been made on Governments which have depreciated their currencies. In general the object of such Governments has been to diminish the amount they have to pay to their creditors. In the present case the object of the Indian Government appears to be to increase the amount they have to receive from their tax-payers. My Lords fail to see any real difference in the character of the two transactions." . . . "If on the other hand it is the case that the value of the rupee has fallen in India, and that it will be raised in India by the operation of the proposed plan, that plan is open to the objection that it alters every contract and every fixed payment in India.



This proposal is in fact contrary to the essential and well-established principle of the currency law of this country which regards the current standard coin as a piece of given metal of a certain weight and fineness and which condemns as futile and mischievous every attempt to go behind this simple definition. It is perfectly true as stated in the despatch that the very essence of all laws relating to the currency has been to give fixity to the standard of value as far as it is possible, but it is no less true that according to the principles which govern our currency system the best and surest way and indeed the only tried and known way of giving this fixity is to adhere to the above definition of current standard coin. A pound is a given quantity of gold, a rupee is a given quantity of silver and any attempt to give those terms a different meaning is condemned by experience and authority.

3. If the present state of exchange be due to the depreciation of silver the Government scheme, if it succeeds, may relieve :

- (1) the Indian Government from the inconvenience of a nominal readjustment of taxation in order to meet the loss by exchange in the home remittances;
- (2) civil servants and other Englishmen who are serving or working in India and who desire to remit money to England;
- (3) Englishmen who have money placed or invested in India which they wish to remit to England. But this relief will be given at the expense of the Indian tax-payer and with the effect of increasing every debt or fixed payment in India, including debts due by ryots to money-lenders, while its effect will be materially qualified so far as the Government are concerned by the *enhancement of the public obligations in India which have been contracted on a silver basis.* . . .

"If then a case has been made out, which my Lords do not admit for an alteration of the currency law of India, the particular alteration which the Government of India propose could not, in the opinion of the Treasury, be entertained until the doubts and objections which have suggested themselves to my Lords are answered and removed. These objections are founded on principles which have been long and ably discussed and which are now equally admitted by statesmen and by writers of accepted authority to be at the root of the currency system. It is no light matter to accept innovations which must sap and undermine that system, and my Lords have therefore felt it their duty plainly, though they hope not inconsistently, with the respect due to the Government of India, to express their conviction that the plan which had been referred to them for their observations is one which ought not to be sanctioned by His Majesty's Government or by the Secretary of State. *Well did Mr. Dadabhai Naoroji remark: "Can condemnation be more complete and convincing?"*

Now, Sir, that was in 1879. When the proposal to raise the value of the rupee was again taken up in 1893, it was equally strongly condemned. I referred the other day to an article in the *Statist*, of 5th November 1892, which Mr. (now Sir) Dinshaw Wacha quoted at the Allahabad Congress in 1892 as follows:

"Assuming that a gold standard were adopted, the rupee would be degraded in India to the position of the shilling in England, that is to say, the value of the rupee would not be fixed by the value of the silver in it as at present, but by the manipulation of the Government. Now it is contrary to all the traditions and all the principles of the British Government to give any official, no matter who he may be, powers so enormous as would be necessary to manipulate the currency of a vast Empire with a view to giving it a fictitious value. If the Prime Minister were corrupt he would be able to enrich himself by disturbing the money market. If he were unwise, he would throw all trade into confusion by his folly or his unskilfulness. That appears to us an unanswerable objection to all proposals for artificially maintaining the value of the rupee. If the purchasing power of the rupee were raised 20 per cent. or anything like so much, the land tax would be raised in exactly the same proportion, for every rupee would then represent 20 per cent. more of the produce of the ryots' land. Similarly the rent of houses and lands all over India would be raised to the same extent. All the other taxes payable to the Government would likewise be raised. So would all debts due at the time the change was made. In other words, every banker, capitalist as well as every usurer would find his property so far as it had been lent out to others increased of 20 per cent., while every debtor throughout the length and breadth of India would find his debts augmented in the same way.

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The result therefore would be that the Government official classes, bankers, landlords and usurers would all receive 20 per cent. more of the property of the vast population of India. There would be a sweeping transfer of property from the producing working millions who create the wealth and make the prosperity of the Empire to the servants of those millions and to the parasites who prey upon it. We would ask any sane man whose brain has not been muddled by currency disquisitions beyond his capacity . . . .”

(Laughter from Swarajist Benches.)

—Leave it all to the Honourable the Finance Member to laugh. I beg my friends to listen quietly. He laughs best who laughs last—

“ask any sane man” the *Statist* went on to say, “whose brain has not been muddled by currency disquisitions beyond his capacity whether this is a project that ought to be listened to for a single moment, whether it is to be thought of that the whole strength of the British Empire should be used to impoverish the hard-working millions and to enrich usurers and Government officials, and if it is not we would urge upon public opinion to reject so monstrous a proposal with contumely.”

Sir, the Government decided to close the mints to the free coinage of silver and to raise the value of the rupee in spite of such strong condemnation of their proposal. Some years later, that is to say, in 1898, the Fowler Committee was appointed to consider what should be done to make the policy adopted in 1893 effective. The proposal was that the rupee which stood at 13*d.*—it has reached that level in 1894-95—should be raised to 16*d.* And I wish to quote here some of the opinions which were expressed regarding it at the time. Writing to the *Times* of London of June 3, 1898, Mr. Dadabhai strongly condemned the action of the Government in forcing up the value of rupee to 16*d.* of gold, while the true rupee in its relation to gold at the then market value of silver was worth about 11*d.* of gold, which compelled the tax-payer, by what Mr. Gladstone called ‘the argument and law of force,’ to pay his tax in this false rupee, under the false pretence of using the word ‘rupee,’ when this ‘rupee’ was not one rupee but nearly one and a half rupee. It meant a covert exaction of 45 per cent. more taxation from the Indian tax-payer. “The reason is simple,” said Dadabhai.

“Suppose a ryot has to pay Rs. 10 for land tax. This rupee means a fixed quantity of silver stamped with the mint stamp and is truly worth at present only 11*d.* of gold. By closing the mints this rupee is forced to the worth of 16*d.* of gold, or in other words, the ryot is compelled to sell 45 per cent. more of his produce to get this false rupee,—the Government thus getting 45 per cent. more taxation than it is entitled to even according to its own ‘despotic’ legislation.”

“At the same time” *he said*, “such action would increase the salaries of officials and other payments in India by Government to the same extent and give generally the advantage to creditors over debtors, the former being generally well-to-do and the latter the poorer classes, especially in the case of the money-lenders and the ryots” . . .

Dadabhai concluded by saying:

“the closing of the mints was illegal, dishonourable and a despotic act. It is a violation of all Taxation Acts by which there was always a distinct contract between the Government and the tax-payers based upon the fundamental principle of sound currency,—i.e., of a certain definite rupee.”

Now, Sir, there were others who expressed the same opinion. Mr. Leonard H. Courtney, giving evidence before the Fowler Committee, said:

“You would not be justified in trying, by reducing the quantity of rupees and giving an artificial value to the rupee to screw it up to 1*s.* 8*d.* or 2*s.* The raising of the rupee above its intrinsic value is a tax not merely upon production; it is an additional tax on the agriculturists and the rent payers.”

Messrs. Campbell and Muir, who were members of the Fowler Committee, in their dissenting note said :

" To deny that *arbitrary enhancement of the currency is a tax*, and to argue that the producer is no worse in the long run, that wages and other charges adjust to its altered value themselves "

as the Honourable the Finance Member has been endeavouring to persuade the House,

" is to maintain the dangerous principle that Government might lighten its liabilities without injury to anybody by a step of this kind " . . .

**The Honourable Sir Basil Blackett** (Finance Member): Minority Report.

**Pandit Madan Mohan Malaviya:** Please wait until I have finished. I quite understand that you fully realise the force of what I am urging. As the Royal Commission on Currency in England pointed out, a manipulation of exchange :

" would not meet the real difficulty of the present situation in India, which is that owing to the fall in all gold prices, a large amount of produce has to be exported in payment of gold debts and that consequently any apparent gain to the Government of India ",

which is the most important concern of the Honourable the Finance Member at this moment judging from his speech of the other day,—that :

" any apparent gain to the Government of India would be balanced by a corresponding loss to the people of that country."

Sir, let me quote one or two more opinions. My Honourable friend Sir Purshotamdas Thakurdas in his very able speech, a speech which showed the fervour of his feeling on this question, a speech which showed that he spoke with a clear conviction and that he was not playing to the gallery, and most certainly not flattering the Government,—quoted some of these opinions, but I yet wish to refer to one of these, namely, to the opinion of Mr. (afterwards Sir) David Barbour, because he was Secretary to the Government of India in the Department of Finance and Commerce, and later on Finance Member to the Government of India. He said :

" The loss or gain, therefore, to India as distinguished from the Government of India in respect of her permanent gold obligations depends entirely on the gold prices which she can obtain for her exports. No manipulation of the Indian currency can possibly affect the gold prices of Indian exports and therefore General Strachey's proposal (gold standard without a gold currency) could in no case give any relief to India as a country, whatever effect it might have on the financial position of the Government. *Just as much as Government gained, just so much the Indian people lose.*"

Now, Sir, these are some of the opinions which were expressed when the rupee was to be raised from 13d. to 16d., but it was done. And what was condemned as a monstrous piece of injustice at the time is now taken to-day as a precedent for inflicting another and a greater injustice upon the people of India. When did the people of India accept the arrangement which was brought about in 1893? We protested against it; we pointed out that it was wrong. But our protests were disregarded. However, from that time onwards for twenty years, practically up to this time, with the exception of a short period, the 1s. 4d. rate prevailed. Though it was forced upon the people of this country at the sacrifice of the enormous interests of those to whom I have referred, it had been steadily maintained. Up to 1917, the rupee stood at 1s. 4d. About the middle of that year, it began to rise. And then how was it raised from time to time? I ask, Sir, Members of this House to note the history of this part

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of the administration with a little care. The Babington Smith Committee pointed out that the rupee stood at 1s. 4d. in the beginning of 1917. The first of these changes which raised the sterling rate of exchange from 1s. 4d. to 1s. 5d. took place on the 28th August 1917. On the 12th April 1918, it was raised to 1s. 6d. On the 13th May 1919, it was raised to 1s. 8d. On the 12th August 1919, it was raised to 1s. 10d. On the 15th September 1919, it was raised to 2s. On the 22nd November 1919, it was raised to 2s. 2d., and on the 12th December 1919, to 2s. 4d. All these changes were brought about by executive action. Now, Sir, I ask the House to consider—I am not a student of economics in the sense that I took no degree in that subject,—but I ask my friends who are students of history and economics all over the world, to tell me of one instance where under any civilized Government such extensive powers to appreciate the currency have been exercised.—I am not speaking of Governments which are in a transitional stage or in a disastrous difficulty,—where the Executive Government has been allowed to raise the rate of exchange in the manner the Government of India raised it. Now let us see what was done afterwards? About the middle of 1919 the Government appointed what is known as the Babington Smith Committee. That Committee reported towards the end of 1919. On that Committee fortunately there was one Indian who had the wisdom to foresee, as I am glad to say my Honourable friend Sir Purshotamdas Thakurdas had the wisdom to foresee,—the evil results of the proposals of the majority of the Committee. In order to understand the recommendations of that Committee, Honourable Members must first try to understand what were the underlying considerations which led them to make those recommendations. The conclusion that the majority of the Committee arrived at was that a high level of exchange was essential for the establishment of a sound monetary system in India. That was the principle on which they proceeded, a principle which we disputed. But proceeding on that principle, they made the recommendation that the rupee should be stabilised at 2s. Mr. Dadiba Dalal in his very able minute pointed out what disastrous results would follow from the adoption of that high rate, and he made other recommendations as to what should be done. He said :

“It seems to me to be impossible to exaggerate the importance of the legal standard for money payments. This standard is regarded as less open to repeal or modification than perhaps any other legislative Acts.”

And it should be much less open to modification, even when a partial system of representative Government has been introduced when the House consists of a large number of official and nominated members particularly when those members can be nominated with a definite idea as to the way in which they are likely to vote . . . . .

**Mr. K. Ahmed** (Rajshahi Division · Muhammadan Rural): How do you know?

**Pandit Madan Mohan Ma'aviya:** I have not come here to teach Mr. Kabeer-ud-Din Ahmed elementary things. You close your eyes and ask me to make you see. I cannot do it. Mr. Dalal said :

“The legal standard should be and usually is regarded as less open to repeal or modification than perhaps any other legislative Act. It gives the people rights as to the kind of money they may demand in exchange for their labour or their goods, rights that cannot be modified without inflicting widespread misery.”

Mr. Dalal pleaded that as the rate of exchange had been raised to 1s. 4d., and had been established there, it should be allowed to stand. Sufficient unto the day is the evil thereof. He recommended that "the money standard in India should remain unaltered; that is, the standard of the sovereign and gold mohurs with rupees related thereto at the ratio of 15 to 1." He made many other recommendations. One of these was that "the gold mint at Bombay should be continued and should receive gold bullion from the public to coin free of charge gold mohurs of the same exact weight and fineness as the sovereign and to hand them over to the tenders of gold bullion in less than 15 days."

I have not the time to read to the House all the recommendations of Mr. Dalal. But those were his recommendations which relate directly to the questions before us. The majority of his colleagues, in fact all the other members of the Committee except him, recommended that the rupee should be stabilised at 2s. They recommended that "the stable relation to be established between the rupee and gold should be at the rate of Rs. 10 to one sovereign, or, in other words, at the rate of one rupee to 11.30016 grains of the fine gold, both for foreign exchange and for internal circulation". That was the recommendation of the majority of that Committee, and the Government proceeded to act upon it. An Act was passed in 1920 which gave effect to that recommendation. The sterling rate of exchange adopted was thus two shillings to the rupee. Now, Sir, what has been the story of it since then? Have the Government been able to maintain it at two shillings? Has experience not shown that the members of the Babington Smith Committee, with the exception of Mr. Dalal, were all wrong? Has not the country had to suffer enormously for the unwisdom of their recommendation? The business world protested, Indian publicists protested against the recommendation of the Committee. But who cares for Indian public opinion under this irresponsible system of Government? In 1923 the ratio reached 1s. 4d. Things went on. In 1924, my Honourable friend, Sir Purshotamdas Thakurdas, brought in a Bill to stabilise the rupee at 1s. 4d. That was the time when it could be done and when it should have been done. He pleaded, but pleaded in vain. The Honourable the Finance Member opposed the proposal. He said that there was a proposal that a Commission should be appointed to consider this question. He was not inclined to agree even to that at that time. He said: a Commission certainly but the time for it is not yet. And there were not wanting men among us who felt and said openly that the Honourable the Finance Member wanted to wait until he should be able to maintain the 1s. 6d. ratio for sometime by his manipulation of the finances, as he said the other day, and that he would then appoint a Commission to ask for a verdict from it in favour of that ratio, and plead as he has been pleading with all the eloquence, all the vehemence, and fierceness which he put into his speech to-day in favour of that ratio. The Honourable the Finance Member has pleaded that the 1s. 6d. ratio has been maintained for two years. He says to us, don't touch it; don't think of raising your unsacred hands against it. He pretends to forget that we wanted him to stabilise exchange when it stood at 1s. 4d. in 1924. Now he pleads that 1s. 6d. has been maintained at 1s. 6d., and that we should stabilise at that. But why did he not agree to our proposal when we urged that we should stabilise exchange at 1s. 4d. and thus put an end to this manipulation of the currency by the Government and let the country have a chance of prosperity. He did not agree even to the Royal Commission

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being appointed then, and when he agreed to it later on I am sorry to say, he did not show that regard for Indian public opinion, as reflected in this Assembly and outside it, which we expected him to show. When the names of the members of the Commission were announced, we felt that the dice were loaded. We felt that the Commission was so composed that a verdict in favour of 1s. 6d. was certain to come, and we pleaded with all the earnestness we could that at least one more member should be put on the Royal Commission,—we urged that three more members should be put on that Commission, but at the very least one more Indian should be appointed who would command the confidence of this Assembly. We were in hopes at one time that the Finance Member might agree to at least one more member being appointed. But he did not think it fit to accede to the popular demand even to that extent. At an earlier date, when the Industrial Commission was announced in the Imperial Legislative Council, the predecessor of this Assembly, a request was made to Lord Hardinge to add one more popular member to that Commission. His Lordship acceded to that request. The precedent was cited, but the Honourable the Finance Member did not agree to the request of the Assembly. Now, Sir, we all know how much of dissatisfaction was shown in this country with the composition of the Royal Commission. The question to be examined affects in the most vital way the interests of 320 millions of this country; a Commission is appointed to consider and report what currency would suit that people; the people's representatives called to this Assembly under a system instituted by the Government, earnestly plead that three, or at least one more member should be put on the Commission to look after the interests, to represent the views and the interests of the general mass of the population, and the Government of India turns a deaf ear to that request! Could there be anything more calculated to create a feeling of distrust? What happened? We did not expect that the Commission would give us what we wanted, fair recommendations, recommendations made with a sole eye to the benefit and the prosperity of the people of India.

Our distrust was justified when the report was published. And what was the action then taken by my Honourable friend the Finance Member? When the Assembly met in August last in Simla, a Bill was introduced to give legal effect to the recommendations of the Currency Commission. We had not the evidence taken by the Commission before us. Even the Report of the Commission had been in the hands of members only for a very very short time. Certainly the Honourable the Finance Member, who has earned a reputation as a financier both by his services in England and by his services in India, certainly he knows, if others do not, that it takes time to weigh all the pros and cons which have been urged either in favour of or against proposals affecting the currency of a country. It is not enough that a man should take up such proposals, even when they have been put forward by a Royal Commission, and read them like the newspapers. The first impression he may form may be incorrect. He must wait: he must have time to see the evidence: he must have time to see what other proposals have been put either now or in the past. And so when the Bill was introduced, it was naturally urged that the consideration of it should be delayed. It was delayed. Now, when the Bill is brought before us how does it come? We wanted this consideration to come on earlier, but that request was not acceded to. It is now shoved in, Sir, on two days between days which have been fixed, immutably as it would seem for other purposes. Whether we accept the Bill, or we reject

it, we must do it within the period of 48 hours, or woe befall us. I ask, Sir, is there any country in the world where in regard to legislation of the momentous importance that is now before us, a proposal to have only two days for its discussion would not be resented by the public. Yesterday, some of my friends pressed me to try to have the discussion finished in two days; they urged that as only two days had been allotted for the Bill, not many should speak, only a few of us should briefly express our views and let the proposals go to the vote. We are driven to it. (*An Honourable Member*: "Hear, hear.") Hear, hear, of course. But what does all this mean? It means that if the minds of some of us who are sitting here are not illumined by a free and full interchange of ideas and all the important points of view are not presented to the House, which I am sure the Honourable Members who will speak will put before the House, there is a grave danger of a wrong conclusion being arrived at. My point is that the Government have not dealt by us fairly in not giving us sufficient time for the discussion of this great question. However, here we are. Let us examine the proposal that comes before us as best we can.

A Royal Commission on Currency was appointed after the repeated request of the people and after all that I have mentioned just now. The terms of reference were these:

"We have deemed it expedient that a Commission should forthwith issue to examine and report on the Indian Exchange and Currency system and practice, to consider whether any modifications are desirable in the interests of India, and to make recommendations."

Now, Sir, this opened up the whole problem of Indian Currency before the Commission. They have dealt with it. Among the problems the one of the greatest importance was not what ratio should be fixed of the rupee to the sovereign, but what was the proper system of currency to be adopted. Sir, on that question, the Government of India put forward their own proposals. The question was whether a gold standard and a gold currency should be recommended. The Government of India prepared a scheme and put it before the Commission for the introduction of a gold standard with a gold currency. That scheme was approved by the Honourable the Finance Member. He himself put it forward. In his evidence before the Commission the Honourable Sir Basil Blackett said in the clearest language that in his opinion the gold standard was the best for India. He said:

"The view I put forward was that it was necessary for India to pass through this intermediate stage of gold circulation although it is a wasteful and expensive system in order to arrive eventually at the more perfect one, and I advocated it because I believed and believe that the gold standard would inspire confidence and would provide the stimulus which is so badly needed for investment and the banking habit."

Now, Sir, that scheme was put forward by the Finance Department of the Government of India. The Finance Department of the Government of India is represented by men who have been long in the service of the Government of India, who have studied the entire financial position of the Government of India. After reviewing and examining the whole history of previous proposals in connection with this subject, and after weighing every possible consideration, they put forward their scheme for introducing a gold standard and gold currency in India. It was the result of discussions between the Honourable the Finance Member and the other high officials of the Finance Department. They had unanimously come to the conclusion that "the only way of remedying all the defects in the system (of our currency) within a reasonable period is by establishing a gold standard with a gold currency in circulation." Now, Sir, that

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scheme was rejected by the Commission. As against the members of the Commission we had the Finance Department of the Government of India . . . . .

**The Honourable Sir Basil Blackett:** On a point of order, Sir. May I ask whether this is not out of order in that it is an anticipation of the debate on the Gold Standard and Reserve Bank Bill which is coming, and if it is in order, may I appeal to the Honourable Member to limit the discussion to-day to the question that is really before the House?

**Pandit Madan Mohan Malaviya:** Sir, I am extremely sorry I cannot oblige my friend. The matter is of vital importance to my country and to the Government. I must, therefore, put every possible idea which occurs to me to support the contention that the ratio proposed by the Honourable the Finance Member ought to be rejected. I must also place before this House the larger question of the necessity of adopting a gold standard and a gold currency as the only sound remedy for the evils of currency from which India has suffered so long and so enormously.

**Mr. K. Ahmed:** May I ask, whether there is any time-limit, because there are so many Members wishing to speak.

**Mr. President:** There is no time-limit to the speeches.

**Pandit Madan Mohan Malaviya:** Now, Sir, this scheme was rejected by the Commission. I submit, Sir, it was very unfortunate that it was. The Commission was composed of a few Members, and among them every one was not familiar with the working of the financial system in the Government of India. They therefore rejected the scheme without putting forward sufficient reasons to inspire confidence in their judgment. They overlooked, Sir, the earlier history which bore upon the subject. Now, that earlier history is of great importance at this juncture. When the Mints were closed to the coinage of silver, the Government began to take six annas out of every rupee that was coined. Six annas out of every rupee that was coined began to be taken by the Government and put aside to constitute a gold reserve. Why was that done, Sir? That was done in order to introduce a gold currency in India. There was no justification, there could be no justification, for taking away from the people six annas out of every rupee coined if it were not coupled with a declaration that it was to benefit them later on by means of this money. It was money taken from them and kept in trust for them. When the Fowler Committee was appointed in 1898 they were asked to consider and report on "the proposals of the Government of India for making effective the policy adopted by Her Majesty's Government in 1893 and initiated in June of that year by the closing of the Indian Mints to what is known as the free coinage of silver. That policy had for its declared object the establishment of a gold standard in India."

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): Standard.

**Pandit Madan Mohan Malaviya:** Yes, standard, and what did they recommend?

"Looking forward . . . to the effective establishment in India of a gold standard and currency (I made a present of it to the Honourable Sir Bhupendra Nath Mitra) based on the principles of the free inflow and outflow of gold" the Fowler Committee recommended that

"The Indian Mints should continue closed to the unrestricted coinage of silver and should be opened to the unrestricted coinage of gold."



2. The sovereign should be made legal tender and a current coin.

3. The ratio between the rupee and the pound sterling should be Rs. 15 to the pound, i.e., the exchange value of the rupee should be 1s. 4d.

4. No legal obligation to give gold for rupees for merely internal purposes should be accepted (it is important to bear this in mind.)

5. The profit on the coinage of rupees should be held in gold as a special reserve and made freely available for foreign remittances whenever exchange fell below gold specie point.

6. The Government should continue to give rupees for gold, but fresh rupees should not be coined until the proportion of gold in the currency was found to exceed the requirements of the public."

It was all in order to establish a gold standard and currency, the whole scheme was meant for it. Otherwise, can any one imagine what justification there would be for taking away six annas out of every rupee from the people of this country? These recommendations were accepted "without qualifications" by the Secretary of State, who on the 25th of July, 1890 "requested the Government of India to make preparation for the coinage of gold."

On the 31st of July 1899 the Viceroy telegraphed to the Secretary of State that the Government of India were preparing for the coinage of gold, and the Government of India put forward definite proposals for establishing in the Bombay Mint a branch of the Royal Mint for the coinage of sovereigns. Without going in detail into the subsequent history as to how this proposal was again and again considered and shelved, the point I wish to draw the attention of the Honourable House to is this, that when the 1s. 4d. ratio was adopted, it was declared that the profit on the coinage of rupees would be held in gold as a special reserve to facilitate the establishment of a gold standard and currency in India. It was money taken on trust from the people, and it should have been utilised for no other purpose than the introduction of a real gold standard and currency in this country. But what did the Royal Commission do? The Royal Commission overlooked the obligation under which the Government of India was placed to introduce a gold standard and currency. They had not a clean slate to write on. They could not propose any measure they thought fit. The word of the Government was pledged—nay, more, the Government of India was committed in writing to introduce gold standard and currency in India. It took money from the people and has gone on taking it till this day for a definite purpose, and it is bound by every moral consideration, and by every legal one, if it could be so called because the action of the Executive Government was tantamount to law without it being embodied in an Act by the Government,—to give the people a gold currency at the earliest possible moment. The Commission overlooked this important obligation, and I am sorry to say, that while I highly honour my Honourable friend, Sir Purshotamdas Thakurdas for his very able minute of dissent and for the manly and noble fight that he has been putting up against the 1s. 6d. ratio—the one regret I have about his minute of dissent is that, in his deep anxiety to promote the good of the country even in a partial degree, he did not lay the whole stress upon the introduction of a gold standard and currency as the one cure for the currency evils of this country. But it is open to this House to consider what should be done.

Sir, this is the first time in the history of British India that the Government is seeking to establish the coinage of the country by the votes of the representatives of the people. Hitherto it was all done by executive action. If this Assembly had not come into existence the order of the

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Government of India fixing the rupee at 1s. 6d. would have issued long ago. They might not have appointed a Commission, they might have appointed a Committee; but they would have fixed it at whatever figure they liked. But God bless the memory of Edwin Samuel Montagu who introduced the reforms in this country. And the most important feature of these reforms, so far as this Assembly is concerned, is that it is no longer possible for the Executive Government of the country to enact any law without the consent of a majority of the Members of this House. (*Mr. C. Duraiswamy Aiyangar*: "Except by certification.") Certification will not come in so often as some people imagine it might. If public opinion is strong, I venture to think, and we are bound in honour and in fairness to Lord Irwin to think, that His Excellency will not disregard the public opinion of the country on such a momentous issue. We have only to express ourselves clearly by a clear majority, or by a majority, and I venture to think that His Excellency the Governor General will not resort to certification in this matter when he knows that his own people, some of the best of his own people, the Lords of the Treasury and so many other Englishmen and Indians have condemned the proposal artificially to raise the value of the rupee.

Sir, it is deplorable that the Commission disregarded all the past obligation of the Government of India to introduce a gold standard and currency for which they had built up the Gold Reserve. They recommended a course which even before it was embodied in a law, has resulted in a substantial portion of the Gold Reserves having been frittered. £23 and odd millions of the Gold Reserve has gone. And why has it gone if not to maintain the ratio at 1s. 6d? Will the Honourable the Finance Member tell me that if he had not manipulated the currency,—which he said the other day it was his duty to do—will he tell me that the ratio would have stood at 1s. 6d. during these two years?

**The Honourable Sir Basil Blackett**: It would have gone much higher.

**Pandit Madan Mohan Malaviya**: Then there would have been something more to consider, but I do not accept the Honourable Member's statement. (*Sir Purshotamdas Thakurdas*: "Quite right.") (*The Honourable Sir Basil Blackett*: "Why not?") I submit because there was a desire and an endeavour on the part of the Secretary of State to push the rupee and there was a distinct advantage to the Finance Member as such in doing so. And I say with great regret that he yielded to the temptations. He yielded to the temptation of raising and maintaining the ratio at 1s. 6d.—I will come to that a little later. But I want to say here most emphatically that though the Royal Commission failed to recommend the policy which, according to the mature judgment of the Finance Department of the Government of India, the country needed, and to which the Government was committed by the previous history of currency in India, it was the duty of the Government of India not to accept their proposal, but to tell them, "We are very thankful to you for all the labour that you have bestowed or wasted upon a consideration of this subject. But you forgot that we are bound in honour to introduce a gold standard in this country. We gave you a scheme. We are responsible. We eat the salt of the people of India, and we are bound to work for their comfort and welfare. We gave you a scheme after examining it in our own Department with the help of our experts, and we told you that we could introduce a gold standard, and you come and tell us that this cannot be done. We shall not listen to you. With all our

"gratitude to you for the work that you have done, we regret that we cannot accept your recommendation." That was the attitude that the Government should have taken . . . . .

**The Honourable Sir Basil Blackett:** May I point out to the Honourable Member that I (not the Government of India) stated that that scheme could be introduced subject to conditions, which subsequent events have not fulfilled.

**Pandit Madan Mohan Malaviya:** I am thankful to my friend for reminding me of this. I have not overlooked the fact but my Honourable friend will agree that the conditions could be revised and reconsidered, that the commission could recommend that the scheme of the Government of India should be accepted and introduced with certain modifications. The Honourable the Finance Member and the other high officials of the Finance Department who work with him could have found solutions to remove the difficulties to which he has referred. The Government of India prepared and solemnly put forward a definite scheme for the introduction of gold currency in India subject to certain conditions. The Honourable the Finance Member and his colleagues foresaw the difficulties that required to be met. It is only fair to the Honourable Member to presume that when he decided that that memorandum should be placed before the Royal Commission he and his colleagues really felt convinced that the difficulties in the way of establishing a gold standard and currency were not insuperable. If the Royal Commission pointed out objections to the schemes I submit they could be overcome. I have not yet heard of any single difficulty in the way of establishing a gold standard which cannot be overcome by the financial ability and experience which is available to the Government of India. I therefore submit that the Government of India failed in their duty to the people of this country, in accepting the recommendations of the Currency Commission and in not insisting upon a gold standard being introduced. Now, Sir, since the Commission met, India has already suffered a great deal of loss and we have the apprehension that the adoption of any other policy than the policy of introducing a gold standard and currency will inflict greater losses upon the country and will be most regrettable. I may be told that there is not sufficient gold available to introduce a gold standard and gold currency. I have been told that 103 millions worth of gold would be needed and that America refuses and England refuses to let us have the gold. Let America be happy with her gold. Let not England give us an ounce of her gold. If the Government of India decide to-day or to-morrow to introduce a gold currency, I say there is gold enough in India which will be brought out to meet all the demands of the situation. You have only to introduce a sound system of currency and create confidence in the people. Let them feel that a gold currency has been established which is no longer to be tampered with except by a vote of the majority of representatives of the people and the necessary fraction of the vast amount of gold that there is in India, and the presence of which has long been a matter of comment and criticism to the Honourable the Finance Member and many others, will become available for the purpose. It is only a question of our making up our mind to do it. Where there is a will, there is a way.

Sir, what will be the consequences if this is not done? The Honourable the Finance Member has adopted the scheme recommended by the Commission. It consists of two parts. One part is now before us to-day and the other part is to come before the Assembly in September.

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In dealing with this part I would ask the House to remember that, in view of all that has been said by those critics whom I have quoted before, it is quite clear that artificially raising the value of the rupee is entirely unjustifiable. I submit it is a great wrong to the people. I will make my meaning clear. There are two things which kings and rulers are advised not to tamper with lightly. One is weights and measures and the other is coinage. Suppose to-morrow with the help of those Honourable Members who think on this subject with the Government, this House were persuaded or prevailed upon by hard canvassing or otherwise, to rule that every seer in this country shall mean 18 chataks, every *bania*, every fellowman who sells grain, milk or other edibles will have to put in two extra chataks to make up a seer. What will be the result? Throughout the country all purchasers will rejoice. They will rejoice that there is plenty 'rivers of honey and milk'. If you allow this system to continue for sometime, people will get so used to this unlawful gain, that if later on you should propose to stop it they will cry out against it. Every fellow who will go to buy any food or milk will be happy that things have become cheap. There will be joy in the land, everywhere except in the heart of the man who is the producer, who has to sell. I submit that if such a state of things is allowed to stand even for two years, is it any argument in favour of the injustice to say or think that prices have adjusted themselves. This is one of the most vicious view points that has been urged in this debate. No doubt when you compel a *guala* to sell 18 chataks of milk instead of 16 chataks for every seer, he will get reconciled to it. You say his loss will be made good as he too will buy imported articles cheaper than before. You first take the blood from my veins and then you say you will inject other blood into me. I beg you to leave me alone. I do not want this process of injecting blood into me after taking out my blood.

Sir, when the Government raised the rupee to 1s. 4d. a great wrong was done to the people. However, for a period of 20 years the rupee stood at 1s. 4d. Why do they now attach so much weight to the period of the last two years, and why do they forget what prevailed for 20 years and more, prior to these two years. It is said that prices have adjusted themselves. But I ask what is the primary justification for permanently raising the value of the rupee from 1s. 4d. to 1s. 6d.? The greatest stress has been laid upon this one plea—that prices have adjusted themselves and that therefore things should be let alone. How does that remove the essential injustice of the measure that is proposed? Have you ever heard of anybody proposing in England that there should be 22s. to the pound?

**The Honourable Sir Basil Blackett:** Yes.

**Pandit Madan Mohan Malaviya:** I am sorry for you if you have. If you say to-morrow that there shall be 37 inches to the yard, how would people like it? Those who have to purchase will of course rejoice. But what of the man who has to produce? This is exactly what is happening.

It seems to me, Sir, that there are three matters which give us the genesis of the situation in which we find ourselves. In the first place, the raising of the level of exchange is a temptation to the Finance Member. and I am sorry he has yielded to the temptation in this instance. This

has happened twice in the last 30 years. In 1893, when the value of the rupee was raised, what was the effect of it? It brought in surpluses.

Dealing with this matter in 1902 in his budget speech Mr. Gokhale drew attention to it. He pointed out that a rise of 3d. in the exchange value of the rupee—from 13d. to 16d.—meant a saving of between 4 and 5 crores of rupees to the Government of India on their home charges alone. So it means to-day. The Honourable the Finance Member was brought out to this country to improve the bad financial situation which had been created by the amateurs and others who had dealt with Indian finance just before his arrival here. (*An Honourable Member*: "Question.") Oh, question. Very well. But you see what happened. He had to try to establish equilibrium and to show that the finances were flourishing. He saw that raising the level of exchange was one easy method of doing it. Now, Sir, I will read to the House here what the Honourable Mr. Gokhale said on this subject of the raising of the exchange value of the rupee and its effect. He said:

"The year when the rupee touched this lowest exchange value was 1894-95, the average rate of exchange realized in that year being only 13.1d. to the rupee. Government, however, had in the face of the falling rupee, resolutely maintained an equilibrium between their revenue and expenditure by large and continuous additions to the taxation of the country, and thus even in the year 1894-95, when the rupee touched its lowest level, the national account-sheet showed a surplus of seventy lakhs of rupees. From this point onwards, the currency legislation passed by Government in 1893 began to bear fruit and the exchange value of the rupee began to rise steadily. In 1895-96 the average rate of exchange realised was 13.64d., and the surplus secured was 1½ crores. In 1896-97 and 1897-98 the average rate of exchange was 14.45d. and 15.3d., respectively."

Mr. Gokhale went on to show that the following two years were years of extraordinary expenditure on famines and military operations. And he continued:

"It will, however, be seen that if these extraordinary charges had not come upon the State, both years would have been years of surpluses, and the surplus for 1897-98 would have been closed upon 4 crores of rupees. In 1898-99, exchange established itself in the neighbourhood of 16d.—the average rate realized during the year being 15.98d.—and the year closed with a balance of 3.96 crores of rupees, after providing a crore for military operations on the frontier—thus inaugurating the era of substantial surpluses."

Similarly my Honourable friend the Finance Member has realized big surpluses. . . .

**Mr. President:** I do not at all desire to interrupt the Honourable Member, but I ask him to consider whether the Assembly would be able to finish the consideration stage even in two days if speakers go on at this great length.

**Pandit Madan Mohan Malaviya:** With great respect, Sir, I would beg you to consider whether, if the discussion cannot be concluded to-morrow, the other work which is before the Assembly should not be postponed in order to allow a full and free discussion of this vital question.

**Mr. President:** The Honourable Member knows that it is not in the hands of the Chair.

**Pandit Madan Mohan Malaviya:** I know, Sir, that it is not in your hands, but I can only speak through you, and through you I appeal to the Government, and I request you, Sir, to use your privilege of communicating our wishes to the Governor General in Council to suggest that more time should be allowed for the discussion of this Bill, so that we may go fully into this question.

**The Honourable Sir Basil Blackett:** May I point out to the Honourable Member that he will have a further opportunity this Session of repeating, I hope not the whole, but some part of what he has said to-day when the Reserve Bank and Gold Standard Bill comes up for discussion.

**Pandit Madan Mohan Malaviya:** Sir, this I submit was one temptation and the Honourable the Finance Member yielded to it. Unfortunately two other temptations came into play which were likely to influence and warp judgment. One was that pushing the rupee is a distinct advantage to imports. Imports come cheaper when the exchange is raised from 1s. 4d. to 1s. 6d., and on the question of imports coming in cheaper it is not only solicitude for the welfare of the consumer in this country that is the determining factor. Is there a single English friend of mine here who will say that he does not rejoice to see British imports increase in this country? Who will deny that a high exchange helps British imports to come in to India. to a much greater extent than a low exchange. The third point which warps judgment is that every Britisher who has got a fixed salary benefits to the extent of 12½ per cent. under the 1s. 6d. ratio. Now these being the factors which have affected the decision of the Government, a fair and impartial discussion of this question has become very difficult. But I beg to submit, that the primary consideration in this matter should be the interest of the cultivator because the cultivator constitutes the bulk of the population. From 60 to 80 per cent. of the population subsists directly or indirectly upon agriculture, and I submit, Sir, that the change from 1s. 4d. to 1s. 6d. has exposed the cultivator to serious loss. The Honourable the Finance Member said he gets just the same quantity of gold that he used to get. But does he not get fewer rupees? And are his transactions in gold? Can he cut his gold into fractions and get the exact value of those pieces? He has to deal in rupees. If the Government wanted to be fair in dealing with him, was it not their duty to consider at the same time what he has to pay? He used to be paid 15 rupees for a £.

**The Honourable Sir Basil Blackett:** When?

**Pandit Madan Mohan Malaviya:** You know when. When the rate of exchange was 1s. 4d., and he would be getting it now if you had stabilised exchange in 1924 when the ratio stood at 1s. 4d. If the Honourable the Finance Member had accepted the request of the Honourable Sir Purshottamdas Thakurdas and stabilised the rupee in 1924, then the cultivator would have been getting his 15 rupees for a sovereign all the time when he has been getting only 13½ rupees. He has got only 13½ rupees for every pound sterling for which he would have got 15 rupees. And what is the situation you have created for him? He gets fewer rupees and he has to pay nearly as many as he used to pay before. You say he has to buy certain imported goods and he gets them cheaper. How much of imports does he buy; and by how much have prices of things risen generally? Yesterday a professor of economics told me, Sir, that he used to buy a dhoti for two rupees and odd annas before the war. He has now to pay six rupees and odd annas for it, and he said the result is that he cannot buy three dhoties in the year as he used to and has to be content with two. That applies to many other people. Now, Sir, the cultivator has to pay what is due by him. But has there been a change in the land revenue? Has there been a reduction in the number of rupees which he has to pay to his creditor? Has there been a change in the rent he

has to pay? And was it not the duty of the Government when they proposed fixing the value of the rupee at 1s. 6d. simultaneously to introduce a law here to see that the land revenue and contingent liabilities should be revised on the footing of the 1s. 6d. ratio? I submit that has not been done and will not be done; I submit that the loss to the agriculturist is clear and he is the principal person to suffer.

It has been said, Sir, that if the ratio is reduced from 1s. 6d. to 1s. 4d., wage-earners will receive less wages. The Honourable the Finance Member excelled himself in the speech which he delivered to-day. The refrain he repeated was, 'for the permanent benefit of nobody.' Now, Sir, I wish what he said was true. But it is not. The permanent benefit of every Indian lies in the introduction of a gold currency and a real gold standard. The measure before us is of course of comparatively less importance by itself, but it has become of very great importance, because if we do not fix the lower ratio even now, the further loss that the people will be subjected to will be impossible to be compensated, and the chances of the introduction of a gold standard and currency will become more remote. It is said wage-earners will receive less wages. There is no doubt that some people will have to suffer some disadvantage if we go back to 1s. 4d. But suppose my bone has been dislocated. If it has been dislocated it has to be set, and if it is wrongly set it must be again reset or I will suffer the disadvantage all my life. When my bone was set two years ago it was wrongly set. You say it is now two years that it has adjusted itself in a way, and that therefore it should not be disturbed. I do not agree. I will suffer the pain, the temporary disadvantage of a rise in prices to ensure my future. I want to bear that pain now, the pain of the resetting, so that all the rest of my life I should be able to use my arm as God meant that I should use it. I do not want to be a cripple for all time by avoiding a temporary pain.

**The Honourable Sir Basil Blackett:** For the permanent benefit of nobody.

**Pandit Madan Mohan Malaviya:** If repetition was argument, Sir, my friend is unanswerable. I could also, if I had the time and the heart to do it, I could also say, 'for the permanent injury of all the persons whom my friend has mentioned'.

Now, Sir, I will draw attention to another aspect of the question as it will affect the wage-earner. It has been said that the labourer will be hit. Now, Sir, I was talking yesterday to a friend, a Member of this House, who takes a keen interest in the welfare of labour. I am sorry he does not seem to be here just now. (*Mr. K. Ahmed:* "Is he a capitalist?") He said to me that a 1s. 6d. ratio is open to this disadvantage for the labourer that there is a danger of unemployment because the industries are certain to be hit if the 1s. 6d. ratio is adopted, while a 1s. 4d. ratio would expose him to this disadvantage that the prices of things will rise and he will certainly be put to inconvenience for a time. Now I put it to the House that it is certain that if you adopt 1s. 6d., the industries of this country which are suffering will continue to suffer. (*The Honourable Sir Basil Blackett:* "Why?") You know what the condition of the country has been for the last two years. The answer is there: the stocks are there, but there is less buying than before. You import things cheap, but there is not money enough in the pockets of the people to buy them. You may cheapen imports as much as you like, but unless the people have the money to buy the imports with, the imports will not be disposed

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of in the country to any large extent, and I say therefore that if you will maintain the 1s. 6d. ratio the result will be certain injury to industries. I have heard it repeatedly said, repeated oftener than it should have been, that on this question capitalist interests are arrayed on one side and labour interests on the other. There never was a more incorrect statement uttered. The interests of the labourer lie in finding employment; he can only find employment if the capitalist finds it profitable to invest his money in industries, and that can only be done if the industries will leave him a fair profit. If you hit the industry, if you make the competition of foreign industries more severe, or if you make it practically useless for him to keep up the industry, the industry will go, and with it will go the employment of the wage-earner. The labourer therefore suffers along with the capitalist, and I therefore submit, Sir, that it is a wrong view that has been presented of a conflict of the two interests. For a time there will no doubt be some injury suffered by wage-earners by a rise in prices, but as I have said, I want to bear the pain, assuming that this will be unavoidable, I want to bear the pain of a re-setting of my bone rather than expose myself to a permanent injury, and secondly, Sir . . .

**Mr. Chaman Lall** (West Punjab: Non-Muhammadan): Will the Honourable Member tell us as to what injury the cotton industry suffered when the exchange was at 2s. 11d.?

**Pandit Madan Mohan Malaviya**: Sir, I have not understood my friend's point. Do I understand my friend, Diwan Chaman Lall, to desire that we should go back to 2s. 11d.?

**Mr. Chaman Lall**: All that I wanted to say, Sir, was this, that when exchange was over two shillings, the cotton industry in Bombay made a profit of 12 crores in one year.

**Pandit Madan Mohan Malaviya**: Sir, for three months, owing to the unlawful action of the Government in allowing exchange to go as high as it did, the capitalist in Bombay made an unjust, not an unlawful gain. Similarly, many Englishmen made unjust profits when the Reverse Councils were resorted to: how many of them are there who did not rush to send their money to England? I would like to know the names of half a dozen Englishmen who abstained from taking advantage of that improper and unjust situation which was created by the folly, the mistake of the Government. (*The Honourable Sir Basil Blackett*: "Why re-create it now and give another opportunity?") My answer is that if what I have said does not convince my Honourable friend, nothing will. We are not creating it. I am very sorry to say to the Honourable the Finance Member that it is he who has created it. He wants to start the work again. It is lucky that this Assembly is in existence now, and that he has to bring this matter before this House. I submit it is he who refused to stabilize the rupee at 1s. 4d. in 1924, and he has made enormous efforts to maintain it at 1s. 6d. Therefore, if there is suffering in this country by reason of this higher rate having been maintained, I am extremely sorry to think that it is due to the mistake of my friend, the Honourable the Finance Member. (*The Honourable Sir Basil Blackett*: "Why 'mistake'?") (*An Honourable Member*: "Deliberate".) No. I do not agree with anybody who thinks that it was deliberate. I think it was a mistake: and mistakes can be committed by everyone of us. But I think, Sir, it was a great mistake. He saw, as I have said, a temptation before him; he saw that the Government revenues were likely to be benefited by a higher



level of exchange. He took advantage of it. I repudiate entirely any suggestion that the Honourable Finance Member had any personal gain at all before his mind in supporting a higher rate. He saw that the Government of India finances would be better off by keeping the exchange up at 1s. 6d. He did not think it fit, in the interests of the country, to sacrifice the income which the Government was making by maintaining exchange at 1s. 6d. Of course he did not do it for his own personal gain, but I submit, Sir, that the fact that he did it for the Government does not make the consequences of the mistake any the less. The result to the people is the same.

I submit, Sir, that the idea that the wage-earner will suffer some loss should not mislead us. I ask every Member of the House to consider whether what I have submitted in this respect is not true. If the industries prosper, the wage-earner will have his wages and increased wages too. Why is there acute unemployment in England when even some British industries do not flourish? Do we not hear loud complaints of unemployment in England whenever industries do not flourish there? They do not rely upon distributing doles to their labourers, but they help the industries to prosper and leave them to do it. They do it, nobody can deny it, their whole history shows it. (*An Honourable Member*: "We do give doles.") Doles are not the main part of your system; you want to give employment to your people, you give them employment and you make them lusty and strong, and that is what I want for my country.

**Mr. President:** Order, order. The House stands adjourned till Half Past Two.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

**Pandit Madan Mohan Malaviya:** I do not wish to take up more time, Sir, by going into the technical aspects of the question. A very important note, for which we are indebted to the Honourable Sir Purshotamdas Thakurdas and Mr. Ganshyam Das Birla, has put that aspect of the case in a clear and convincing form and I have nothing more to add to it. I myself feel satisfied after studying the question in the light of the various notes presented to us and all that I have heard, that if the 1s. 4d. ratio is adopted, we shall still be able to carry on the Government of India without any disaster. I believe we shall still be able, with the help of the Finance Department of the Government of India and of the Honourable the Finance Member, to secure all the reliefs or most of the reliefs which have been promised to the people.

**The Honourable Sir Basil Blackett:** No.

**Pandit Madan Mohan Malaviya:** I am sorry that my Honourable friend says no. I ask him, suppose the House does decide that the 1s. 4d. ratio should be established. Do I take it that my Honourable friend will not spend any more thought or time on considering how the budget might be re-adjusted? I do not take that view of him. I know that if according to his view, unfortunately according to his view, the House should decide that the 1s. 4d. ratio must be adopted, I am certain that the Honourable the Finance Member will reconsider the budget with all his skill and

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ability and try to do the best he can in the situation. In the light of the note by the Honourable Sir Purshotamdas Thakurdas and Mr. G. D. Birla, I myself think that it ought to be possible to carry out the suggestions made there (*The Honourable Sir Basil Blackett*: "No") and thereby to secure all the reliefs to the people that are needed. I myself thought the first time the proposal for the greater provision for redemption of debt came up that too much was being provided at the time, and I still think that in the preparation of the budget during the last few years the Honourable the Finance Member has thought more of strengthening the Government of India's position as a Government and less of the position of the people of India in the financial arrangements of the country. I wish, Sir, that more attention should be paid now to what is needed in the interest of the people as a whole and less as to what the surpluses will be year after year. I am certain that when a revision is made in that light it will be possible to give relief to the provinces to the fullest extent and also to meet the other expenses of the country by not putting aside as much as is being put for redemption of debt for the present. I do not therefore propose to take up more time of the House. I hope that the points which I have emphasised will be considered in all their aspects.

Lastly, I feel strongly, Sir, that this is the time when the Government of India should make up their minds to accept the amendments which have been suggested to lay down that fifteen rupee gold mohurs shall be minted in this country and that the Mint shall mint all the gold that may be tendered to it for that purpose. In this connection the view which has been put forward by the Indian Currency League is worthy of consideration. We are not anxious that the Government of India should at present undertake the responsibility of paying gold mohurs for rupees presented. We are anxious that the coming of gold mohurs should be provided for by law as it was in the Act of 1918. During war time the Government of India did enact that gold mohurs should be minted in this country, and all that is necessary to-day in this connection is to take the provisions of that Act and re-enact them as part of this Bill with such modifications as the experience of these years might have shown to be necessary. That is the Act No. XIV of 1918—an Act to provide for the coinage of gold coins at the Mints referred to in the Indian Coinage Act, 1906. This Act is exactly the law in which a provision like this should find a place. Section 4 of the Indian Coinage Act, 1906, provides for the coining of silver coins. Section 6 provides for the coining of nickel coins, and section 8 provides for the coining of bronze coins. It is a matter of regret to us, Sir, that there is no section in the Act to provide for the coining of gold coins. We now suggest that, after all the experience gained and after all the losses suffered, the Government should agree to enact provisions in the Indian Coinage Act to provide for the coining of gold coins. Section 8 of Act No. XIV of 1918 runs as follows:

"The following gold coin shall be coined at the Mint for issue under the authority of the Governor General in Council, namely, a gold mohur of 15 rupees piece."

Section 4 provides:

"The standard weight of the said gold mohur shall be 123.27447 grains troy. Its standard fineness shall be as follows, namely: eleven-twelfths fine gold and one-twelfth of alloy: Provided . . ."

Section 9 provides that "the Governor General in Council may make rules to carry out the purposes and objects of this Act." Notices of amend-

ments have been given by my Honourable friend Mr. T. Prakasam and by my Honourable friend Mr. Kelkar to secure this object. I hope that the Government will, on a correct reading of the entire situation and of the circumstances of the country, show due regard to Indian public opinion in this matter, accept those amendments, establish the ratio and provide for the coining of gold mohurs in the country, of the relation of 1 to Rs. 15, and frame rules in order that such gold coins may be coined. For the present we only suggest that the Government should establish the mint and provide for the coining of gold mohurs and that they need not undertake the liability to pay gold mohurs for rupees that may be presented to them. I venture to say that if these proposals commend themselves to the Government of India, a new era will dawn upon India. India has suffered more than words can express during the last sixty years and more by the changing policy of the Government of India in the matter of currency. Nobody can deny that it has suffered. From time to time Government have adopted measures to tide over difficulties as they have arisen, sometimes by legislation and sometimes by executive order, but it is high time now that a policy should be adopted once for all which will save us from all the troubles and losses due to exchange. We remember that an exchange compensation allowance had to be given for years together to a number of officers of Government. I do not know if anybody has totalled up the amount of loss that India has sustained over exchange during the last sixty years. If we now provide for the coining of a gold mohur which shall be equal to the English sovereign in weight and fineness, our standard coin should stand as one to one to the English Sovereign. There need be no longer any exchange trouble. Our gold mohur must be equal in weight and fineness to the English coin. If that is once established we shall make our payments in gold wherever we have obligations with people having a gold currency. Our internal currency will not be affected by it and our trade will not suffer. A new era of prosperity will dawn, which will enable us to give greater wages to wage-earners, to secure greater profits to the agriculturist, to promote indigenous industries and to see the dawn of a new day of happiness for the people of India.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): Sir, my actions during the last few months in connection with the agitation on the subject of the ratio have incurred for me no small degree of censure not only from the supporters of the 1s. 6d. rupee in this country but also from the nearest members of my family abroad. I can only say that I wish that my critics were right and that I were wrong. However, while I must treat the question, which is not only controversial but acutely controversial, with an appearance of dogmatism which cannot be avoided, I shall attempt not to be unduly partial or unduly dogmatic, though it will be almost beyond human power to avoid this double risk. I have always been supremely conscious of the fact that we the supporters of the lower ratio have marshalled against us protagonists with the highest qualifications to rank as experts in these complicated matters of exchange and currency. I have always realised to the full that I can lay no claim to the title of expert. That I am indeed only a humble student in such matters, but my experience in the business world has shown me that the expert is by no means invariably right. Indeed, I and my interests have lost large sums through following the advice of experts. Nor is it beyond the recollection of Members of this House, particularly those coming from Bombay, that

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even Governments have suffered by the blind pursuit of the dicta of experts, however distinguished, and that losses have occurred which have had to be met by the unfortunate tax-payer. But where, however, we in the business world have to shoulder personal losses besides having to face criticism by no means restrained, from shareholders by no means sympathetic, to the difficulties of commercial management, it is rarely in the official world that he who sows the seed has not been translated to higher spheres before the day of harvesting arrives, and the criticism of indignant representatives of the people is disarmed at the sight of a newly appointed official who begs them not to cry over spilt milk and to let bygones be bygones. I have tried to bring any small gifts that I may possess of understanding and common sense to bear on this question of exchange and I have not spared myself during the last 12 months in an attempt to master its intricacies. I found, however, difficulty at the outset to believe that the nation as a whole was to obtain an advantage through the remittance of what are known as "Home charges," that every Government official, every recipient of a fixed wage or salary was to benefit by a lower cost of living, every cultivator to find that the reduction in the number of rupees he received for his produce was to be fully compensated by the lower prices of the commodities that he might have to purchase, every creditor to benefit by  $12\frac{1}{2}$  per cent. in gold value both as to interest and to capital; every external investor in Government paper, mortgages, securities bearing a fixed rate of interest to benefit by the same amount, and all these symptoms of a new Utopia were to be obtained at the expense of a few plutocratic millowners from Bombay and others of the same kidney.

It is a fascinating speculation, Sir, that we owe largely to the imaginative genius of the Honourable the Finance Member. But my difficulty has been to reconcile so many of his views and statements with hard facts. I remember, for instance, on the day when sipping my morning tea and perusing my morning newspaper my unfeigned pleasure at reading a paragraph to the effect that the Honourable the Finance Member from the olympian pinnacle of his high office had stated that I was "a good agriculturist." For a while I allowed my fancy to toy in with pleasurable visions. I imagined telegrams coming to me from His Excellency the Viceroy, begging me to take up the post of Member for Agriculture, editors leaving their desks to ask me to name my price for an Article on Bedding out Bulbs in Bombay. But alas! such day-dreams were of short duration. The cold relentless light of reason pointed out all too glaringly that the Honourable the Finance Member, in spite of his admittedly high intellectual attainments, had no justification to call me a good agriculturist merely because of my desire for the well being of the cultivator. So also in the matter of the ratio, I felt myself unable to accept the alluring picture painted by the champions of the 19d. rupee, and decided to look further afield. It was soon borne in on me that all these advantages of an appreciated rupee, if beneficial to India, would be even more beneficial to Great Britain in her dollar exchange, and could have been so easily obtained by that country merely following the example of India and demonetising her sovereign and raising the sterling value of the bar of gold. At the same time, the sterling dollar exchange could be raised as here by deflation, the manipulation of management could be continued until the new gold point was reached.

and then any rising tendency could be stopped by further manipulation or management by the increase of, or if the Honourable the Finance Member prefers it, by the inflation of currency at the higher new gold point. Now, in my pursuit of truth, it was then that I came across a pamphlet by Professor Keynes entitled "The Economic Consequences of Mr. Churchill," criticising the British Chancellor of the Exchequer, not for refraining from raising the sterling-dollar exchange above the pre-war par, but for bringing up the sterling-dollar exchange by 10 per cent. to the pre-war parity. Mr. Keynes has been termed one of the most brilliant brains of the younger generation, so I think he may be allowed to be quoted against that band of intellectual giants, the supporters of the 18d. ratio. Extracts from this valuable pamphlet as well as Mr. Keynes' review of the situation a year later have, I understood, been in the hands of certain Members of the House, and so I shall restrict myself to point out that Mr. Keynes considers that the rise in exchange in England was in fact a move by Government to depress wages. I make that statement and emphasise it particularly for the edification of my friends who are interested in labour problems. I would also point out that Mr. Keynes states that by turning a profit of 3d. a ton into a loss of 1s. 9d. a ton, the action of the British Government was the direct cause of the coal strike with all its unfortunate effects on trade and commerce in that country; but at any rate, the action of the British Government did achieve one thing which it set out to achieve, and that was the retention of the world's money market. I fail, however, to see any such prize falling to India's lot through the action of the Government of India.

I would like to refer again to what I have already referred to in a previous speech as regards the position in England where a drop of 13 per cent. at ports only resulted in a drop of 4 per cent. in the cost of living. I should like to repeat that although prices there had adjusted themselves by 13 per cent. of which 6 per cent. was due to a world's drop in prices and the balance to the 10 per cent. appreciation of exchange, only 4 per cent. was the resultant drop in the cost of living, although we know that England has a highly organised banking industry and a highly developed competitive system of marketing the world's produce. And we who live in a bullock-cart country are asked to believe that barely two years after the establishment of 1s. 6d.-gold we have almost completely adjusted our prices and cost of living to that figure. Let me emphasise too that any advantage that India might hope to expect from the appreciated rupee could be expected in a higher degree by Great Britain owing to her debt to America and owing to the fact that she is dependent on imports of food materials for feeding her people. So every argument that the Honourable the Finance Member can give us in favour of a higher ratio acts twice as forcibly in my opinion as far as the dollar-sterling ratio is concerned.

Now, Sir, let us come nearer home. Let me take a concrete case of the effect of the rise in exchange on a cultivator. And I shall take as my example a grower of cotton. I hope the House will not find me going too much into technical detail. It is difficult to make these matters simple but I am going to do my best. If we take the price of cotton at the point of export as 100 points, experience will show that of that 100 points, 22 per cent. are absorbed in moving that cotton from the up-country to the Bombay market, ginning it, pressing it, transporting it, marketing it and

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putting it on board the ship. Of the balance of 78 points which the cultivator receives, 60 points are absorbed by his cost of production including interest, leaving a margin of profit to the cultivator of 18 points. That, Sir, was the position in the 1s. 4d. era. Under the 1s. 6d. ratio, the 100—the price at the port of shipment, not the price at the up-country market—the 100 becomes 87½. The charges are the same, so that the profit drops from 18 points to 5½. The House will therefore see that the cultivator's profit did not drop by 12½ per cent. or by one-eighth but by two-thirds. I have chosen the cotton-grower because in the past he has been having a better time of it than other cultivators. The price he got for his products has been proportionately higher than the average rise, in other commodities. With the result that until last year he was in a position to be able to pay off his debts and to put a little by. But what is his position to-day? He has seen a 50 per cent. drop in the world price of cotton. In any case, he finds himself unable to make a profit with his working costs as they were and yet he is forced to take one-eighth less for the value of his product not at his market but at the port of shipment, or else to allow consumers in this country to import American cotton for their needs. What can be the result of this except for him to sink back into the clutches of the money-lender again? And he is told by the Government of India through its Finance Member that the cultivator suffers no net loss. (Hear, hear.) Now, Sir, from the cost of living figures I gave the other day, some interesting deductions can be made. Our arguments, the arguments and the literature of the supporters of the 1s. 4d. rupee, our arguments with reference to cultivators outside those whose produce prices are directly affected by world prices, were based on the Government's assumption that internal prices for kindred articles had adjusted themselves and that there was in consequence an appreciable drop in the cost of living, though we have always fought the statement that the adjustment was substantial. If, however, those figures which I put before the House the other day are correct, then the drop in the cost of living is negligible. It follows that those cultivators who are not growing produce for export have not yet had to adjust their prices to the 1s. 6d. rupee and so are no worse off; and that to my mind is the answer to the statement that is often made that a large body of cultivators have not felt the pinch yet. They have not lost because there has been no adjustment or drop in the prices they receive. But if there has not been an adjustment the whole of the case for the 1s. 6d. rupee falls to the ground. Look through the evidence that was given before the Currency Commission. Witness after witness concurs with the higher ratio on the assumption that prices had substantially adjusted themselves. So all the painful processes of adjustment have still to come and the Government's advantages in indirect increased taxation is falling entirely on those producers of commodities in direct competition with foreign imports. Give us back our 1s. 4d. rupee and prices will only rise in those imported commodities of which we are told only 7 per cent. are consumed by the agriculturists, and in home produce directly competitive with them and these items form a very small part of the total cost of living budget. I admit, you see, Sir, that some things will cost more, though none will cost the full 11 per cent. more to the consumer, because the consumer pays retail prices and he does not pay c. i. f. prices. I admit that your whisky will cost you more, but I don't admit that man can live on whisky alone, no, not even if he be a Scot. And in any case large commitments have been made for forward delivery and exchange has been fixed

for these commitments, and the competition among importers will prevent prices from rising materially until the present stocks and stocks that are on their way here have to be replenished. Therefore, for all we know, by the time they need to be replaced, the world's prices may have fallen, so that, in spite of lower exchange, the result may be no higher cost in rupees. For we must not forget that some experts like Mr. Kitchin have foreshadowed a substantial fall in world prices during the next few years and though I don't think that they will fall by the full 40 per cent. that has been mentioned, still it does seem likely that we are now in a period similar to the last 25 years of the last century and that we shall have to look forward to a definite drop in world prices. So much for the bogey of rising prices if we return to the old ratio.

Now, Sir, let me try to sum up the advantages and disadvantages of the higher ratio. Firstly, among agriculturists at present only those growing an export commodity are suffering. But when the general adjustment takes place, then all must suffer during that painful period. Secondly, fixed wage-earners have not found any appreciable advantage in the higher ratio, because they only get an advantage through a drop in the general cost of

3 P.M. living, and in some cases, such as employees of trading and manufacturing concerns, an era of depression means a reduction of staff and consequent unemployment to a large number of unfortunate family men. Thirdly, we get the advantage to Government finances which is a very real one despite the fact that budgetary considerations were not in the Finance Member's mind when fixing what ratio we should have. In attempting to estimate the price that has to be paid for the very real advantage that the Honourable Member has received, there is quite a definite difficulty, which has, I think, been the cause of so many perfectly true statements appearing so conflicting. I have tried to analyse this phenomenon and consider that it is due to a lack of clearness in laying down the fundamental premises or assumptions. We must either view the problem on the assumption that the cost of living and retail prices have for all practical purposes adjusted themselves to the new ratio or on the contrary assumption that there is a large mal-adjustment. So as to show to the House how easily one can fall into error by mixing up these two assumptions, let me begin by criticising one of my own statements. The other day I was pointing out the difference in debt that the country was burdened with under the two ratios. I was entirely right when I stated that under the higher ratio the country had to pay 491 crores of grains of gold more than under the lower ratio. But in saying that, I omitted to state that I was accepting the Government assumption of a substantial adjustment. The burden of the country which is in gold can be stated either as 65 crores odd of 1s. 4d. rupees or 57 crores odd of 1s. 6d. rupees or 43 millions odd of gold sovereigns, but this burden would actually only be felt by those whose financial existence had only partially adjusted itself to the new ratio. If the grower of bajri, for instance, gets the same amount of rupees for his product under the 1s. 6d. as under the 1s. 4d. ratio, if in fact, the gold value of his product is raised with his taxation and expenditure, he is no worse off practically even though his taxation is raised.

The Government too only gains where prices have adjusted themselves, where in fact it pays the same gold value as before. It cannot gain in salaries as these having the same rupee cost have been raised equally in terms of gold. In other words, if, as I maintain, the general cost of living

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has not gone down, if, as I hold, the price of commodities in the country with certain exceptions is as high as before, if, therefore, the rest has all risen proportionately in terms of gold, then admittedly, the advantage to the Government and the burden to the people is limited to the Home charges and purchases of imported goods less the lower customs duties the Government may receive.

Now, who pays for this advantage? And who shares in it? It is only temporary as it only lasts during the period of adjustment and we are assuming with a certainty—regarding which I admit I still have doubts—that in the end a complete adjustment does take place.

What are these remittances? They are invisible imports as they represent services received, just as all remittances represent commodities or service received by this country. They, therefore, have all got to be paid for by exports and any advantage derived by imports is counter-balanced by an equal disadvantage to exports. As I have shown there is only an advantage while prices which include wages have not adjusted themselves.

Now, it has been estimated that the gross shortfall in rupees suffered by exports is in the neighbourhood of 40 to 45 crores a year and this is the fund therefore which must pay for any advantage that may be received by imports. These advantages, whether received by Government or others, are paid for at the expense of the producers of exports, so it is on this portion of the population that the whole burden falls, on this class that benefits only microscopically as consumers of imports.

I now turn to the argument which the Honourable the Finance Member on Friday last stated he had some difficulty in following and which is mentioned in the Memorandum that has so kindly been circulated to Members of this House. Let me restate it shortly and simply. What is put forward is that if we turn the revenues of this country into golden sovereigns we find that the Budget asks for something like 15 million gold sovereigns more than it did in 1924-25, the year after the Inchcape Committee had done its work. But we go further. We say that the amount asked for this year is 6½ millions of sovereigns, or the equivalent, more than the revenues of the year previous to that in which the Inchcape Committee's recommendations took effect, and therefore, more than the very sum which the Inchcape Committee set out to retrench. The Honourable the Finance Member says that we must not ignore any difference in the commodity value of gold during that period. So, I will not ignore it.

If the House will look at Volume 2 of the Appendices to the Royal Commission's Report, page 33, it will find that at budget time in 1923, that is in March, 1923, there is a figure given for the United States gold commodity price, and if it looks at the figure for June, 1925, it will find that the commodity price in America—I choose America as being a gold country—dropped by 2 points. If you look at the article by Professor Keynes, dated June 2nd, 1926, in *The New Republic*, you will see that he gives the drop in the United States for the previous year as 6 points. So we have got a drop in world prices between March, 1923, and June, 1926 of 8 points. Now, Sir, how does the Honourable the Finance Member justify a rise in expenditure of the equivalent of 15 million sovereigns in 1926-27 over 1924-25 when the gold commodity price in that period has dropped? I could explain it.

The Honourable Sir Basil Blackett: I have explained it in another place on Saturday last.



**Sir Victor Sassoon:** I could explain it and I propose to explain it here. I could explain it by saying that the reason why the Honourable Member has had to raise the gold value of his expenditure is because the prices in India have not adjusted themselves to the 18*d.* ratio and he has therefore had to pay an increased gold price for everything, or at any rate, for a great deal of his expenditure outside the Home charges.

**The Honourable Sir Basil Blackett:** Has the Honourable Member seen my statement in another place saying that we have not spent more?

**Sir Victor Sassoon:** I have not. I am afraid I was not present at the other place. It would be very interesting to hear how it is that, although the arithmetical sum says we have spent 15 millions more and the gold prices have dropped in the period—it would be most interesting to see how that is a delusion. I should have thought that the Honourable the Finance Member might have pointed out in his budget speech that there was only an apparent rise in the expenditure and he might have explained it there. (*The Honourable Sir Basil Blackett:* "I did.") I think the main reason is—whatever he may have said in another place,—the main reason is that he has not been able to reduce his expenditure in this country, and he has not been able to reduce the expenditure in this country because prices have not gone down, because prices have not adjusted themselves to the 1*s.* 6*d.* rupee. The Honourable Member will not say that, he dare not say that, because, if he did say that, he would be removing the very foundation on which the whole of the edifice for the 1*s.* 6*d.* ratio has been so painfully erected and it will come crashing to the ground. Incidentally, if I understood the Honourable Member aright during his remarks this morning, he said that if it could be shown to him that prices have not adjusted themselves he would go into the 1*s.* 4*d.* lobby. As the cost of living has not gone down appreciably and as I take it that prices of commodities besides rents and taxes do form part of the cost of living figure, I have every hope of seeing the Finance Member in the 1*s.* 4*d.* lobby. (Laughter.)

The Honourable Member accused me the other day of wishing to wipe out the debt by inflating currency after the example of Germany. When he took charge of the Finance Department the exchange was at 1*s.* 3*d.* gold according to his own statement. I have never criticised the Finance Member's action in managing or manipulating the currency till it reached 1*s.* 4*d.* gold. I have merely protested against the ratio being raised above that figure and I think that this House will hardly credit the charge that I, of all people in the world, I, who am a very large investor for my family interests in Government paper, would uphold any action of the Finance Member to repudiate the public debt by following the methods of Germany. So, it all comes down to this. Are we to burden that portion of the community which exports commodities for the advantage of the Government and of creditors? Are we to decide to make the whole country endure the painful process of adjustment to the 1*s.* 6*d.* rupee which has yet to take place, or are we to ask the Governments of this country, both Imperial and Provincial, to readjust their Budgets to the old ratio and give up some of the advantages which they have received during the last two years? At any rate, of one thing I do feel convinced, and that is, that if we are to return to the lower ratio, there is no one who can give us back our 1*s.* 4*d.* more economically than can the Finance Member if he should so choose. However much we may criticise his policy in certain directions, however much we may deplore a tendency to twist words to suit subsequent views

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instead of allowing them to remain at the meaning generally accepted by the public when they were spoken or written, not one of us, I feel sure, will deny that the technical reorganisation of the whole of the finances and the Finance Department of the Government of India—a reorganisation which is entirely due to the genius and the industry of Sir Basil Blackett—no one will deny that this is a lasting heritage for which India will ever be in his debt. I am a sincere believer that 1s. 4d. is for the ultimate advantage of India, but I will tell the House that I do see in a return to it a possible slight dislocation not of the trade and commerce of the country but of the financial arrangements of the Government. But knowing as I do how the British Civil Servant always gives of his best regardless of his personal views, I have a feeling of confidence that, should a return to the 1s. 4d. ratio be eventually decided on, we can rely on the knowledge, integrity and loyalty of the Honourable the Finance Member to make the necessary changes without any untoward disturbance.

**The Revd. Dr. E. M. Macphail** (Madras: European): Before I begin to make any remarks on this subject I should like to state that I do not speak on behalf of the European non-official group. As has been quite manifest, we are divided on the subject, and consequently we are, each one of us, free to speak and to vote as each one thinks best on this subject,—an example which I hope will be followed in other parts of the House. (*Sir Purshotamdas Thakurdas*: “Including the Government party.”) (*Some Honourable Members*: “And nominated Members.”)

**Mr. President**: Order, order. Dr. Macphail.

**The Revd. Dr. E. M. Macphail**: I do not wish to allow myself to be distracted by interruptions but it is a little difficult sometimes not to be distracted. What I wanted to say was that I have been very much interested in this question because it is an old familiar friend of mine. I had the privilege of living through the controversies of 1893 and 1898, in fact, I was a teacher of economics at the time. Consequently, my attention was drawn not only as a tax-payer and as a citizen to these subjects but also as a teacher of youth on economic subjects, and although I am now a supporter of 1s. 6d., in those days I was a supporter of 1s. 4d. and for the very same reason that I am a supporter of 1s. 6d. now. I do not mean to go fully into ancient history, but the Honourable the Pandit has set me a bad example . . . .

**Pandit Madan Mohan Malaviya**: Do not follow it.

**The Revd. Dr. E. M. Macphail**: I do not mean to talk for an hour and a half. He has gone back to 1878 when the first proposal was made to stabilise the rupee at 1s. 8d., and, I may call the Honourable Pandit's attention to this, to introduce gold currency. The wicked Government in 1878 actually proposed to introduce a gold standard and those weighty words which the Honourable Pandit read for our benefit and which were written by my Lords of the Treasury were written turning down this proposal for a gold currency which now the Honourable Pandit favours. Those words were weighty no doubt, but they were the outcome in my opinion of the mid-Victorian policy of *laissez faire*. The currency, it was held, must be sacrosanct, it must not be touched, it must not be interfered with, it must not be managed nor manipulated, although your currency might in many ways be bad. Now, let us see what the problem was that was before the people of India and before the Government in 1898. Per-

haps I may give my own experience of the rupee. When I came out to India in January 1886 we had a 1s. 6d. rupee, and so my first love was 1s. 6d. In the course of 1886 it suddenly dropped to nearly 1s. 4d. and I remember the sensation of horror that passed through every one that heard that the rupee had actually gone down to 1s. 4d. It went up again slightly and I went home—there was no connection between the two things—and I came back in the year 1890. During that period unfortunately there were other people who took to manipulating currency, and these were the Americans. They passed an Act for the purchase of silver and the consequence was that silver went up and with it the rupee. I was coming out in the months of June and July, and remember that at every port that I touched—at Aden, then at Colombo and then at Madras—I got a rupee less for my sovereign. The rupee jumped up nearly to 1s. 9d. That was in the year 1890. Then it went down and by the year 1892 it had gone down to 1s. 1d. Government intervened by closing the mints in 1893 and tried to raise the rupee to 1s. 4d. They succeeded in raising it to 1s. 4d. for a few days but it soon dropped again and went down to less than 1s. 1d. about 1s.  $\frac{1}{2}$ d. Then it gradually rose until the year 1898 when it reached 1s. 4d. and was stabilised there. I am perfectly certain of this, that if nothing untoward had happened we should still be having a 1s. 4d. rupee and even Sir Basil Blackett would never have proposed to interfere with it. My friend the Pandit has a great idea of the omnipotence of Government. I know that some people are in the habit of jeering at Government's omniscience but the Pandit evidently thinks that in addition to being omniscient the Government is also omnipotent. What did he accuse the Government of doing? He accused the Government of raising the rupee from 1s. 4d. to 1s. 5d. and up to 2s. In a tone of horror he said "Is there any civilised country in the world in which such a thing was done before?" Was it really Government that raised the rupee? What was it that happened? The rupee broke loose because of the rise in the value of silver. The silver rose to such an extent that the silver in the rupee was worth a good deal more than 1s. 4d. and the consequence was that if the Government had not raised the ratio the rupee would have disappeared. All the rupees would have been melted down.

**Mr. Jamnadas M. Mehta** (Bombay City: Non Muhammadan Urban): "Is the rupee a standard coin?"

**The Revd. Dr. E. M. Macphail:** The rupee was in an anomalous position, Mr. Jamnadas, because it was neither exactly a standard coin or a token coin. It was a standard coin to this extent that it was unlimited legal tender but it was not standard coin in this way that it was the only standard that we had. We had an attempt at a kind of bimetallism that held on as long as the silver did not rise to the extent it did in 1917. When silver rose there was nothing for it but for the value of the rupee to go up. In other words what happened in 1917 was that there was a return to the monometallic standard. We went back to silver. Now the Pandit has waxed very eloquent over the iniquities of the Government in closing the mints in 1893. I ask my Honourable friend Sir Purshotamdas—does he approve of closing the mints or not? Does he approve of closing the mint? Was the Government's action in closing the mint in 1893 so wicked as the Pandit described it as being. Every conceivable adjective was used in the extract that the Pandit read.

**Pandit Madan Mohan Malaviya:** I want to say that I never used the word "wicked". I said it was unwise. I hope Dr. Macphail will not misrepresent me.

**The Revd. Dr. E. M. Macphail:** I do not mean that the Pandit called it wicked. I gave the substance of what he said. I know he did not use "Satanic" which is the modern word. He said it was very wrong. I will put it at that. I do not want to misrepresent the Pandit also. I did not mean to say that these were the Pandit's word, but he read an extract containing very strong language and he associated himself with the opinions expressed in that extract. Now the Pandit next proceeded to attack the Government for its wickedness in not introducing a gold currency. In 1878 and again in 1898 it was proposed that there should be a gold currency and in the document which the Pandit quoted from Mr. Dadabhai Naoroji, if he had gone a little further he would have read this:

"The second proposal for a gold standard must be abandoned. The conversion of silver into gold standard cannot be carried out without great cost, which will be the highest cruelty and tyranny to inflict upon the bloodless and miserable and helpless people of India, especially as this infliction is to be made on the false assumption that it will give relief from the burden of the remittance for Home charges when it will do nothing of the kind as stated by Government itself. The step is not at all necessary for any economic purpose except that it will be a convenience to the foreign exploiter, official and non-official."

There is your gold currency and your gold standard. That is the way in which Dadabhai Naoroji spoke of it in 1898 and now the failure to introduce a gold currency is brought forward as one of the iniquities of the Government, although it had been denounced in such unmeasured terms by Mr. Dadabhai Naoroji. I merely wanted to call the Pandit's attention to it because he said he had not studied economics before.

Now I want to say a little about what Sir Victor Sassoon said. My Honourable friend seems to have a misfortune in that he seems somehow or other to express himself at one time in one way and then to find out that he was wrong. (*An Honourable Member:* "So did you.") I do it often and it is a very commendable feature in his character that he admits that he was wrong. I want however to try to put right one or two things that he said, one thing at all events in which he unwittingly misled the House. The other day talking about the amount of cost added to the rupee debt he used certain expressions. I challenged him at the time. I did not get my chance then and I have got it now. What he said was that the rupee debt was so much and he multiplied it by an eighth and put it into terms of gold. He said, "I think I am safe in saying that the Government will saddle the people of India with an additional debt of 60 crores which will have to be met" and he made that statement after saying . . . . .

**Sir Victor Sassoon:** I explained it to-day.

**The Revd. Dr. E. M. Macphail:** He explained it to-day and I will explain it again. The Honourable Mr. Brayne said if you adopt this rate you will have to pay so many more pounds for your sterling debt and he made the reply that if you adopt the other ratio you will have to pay so many more pounds for your rupee debt. Unfortunately he was not satisfied with doing that. He went on to say that the Government was saddling the country with an additional debt of 60 crores of rupees barring the amount that had been raised at the rate of 1s. 6d. When I interrupted him I was quite sure he was making a mistake. I made inquiries afterwards and I found that of the large sum which he mentioned no

fewer than 80 crores of rupees were borrowed at the rate of 2s. In the fifties and sixties that was the rate at which it was borrowed and the consequence was that if you paid these people back you ought to have paid them back at the rate of 2s. to the rupee and not at the rate of 1s. 4d. I am not concerned as to whether it is going to be paid or not. I am merely pointing out that Sir Victor Sassoon made a very grave mistake in that matter and yet it was quoted by my Honourable friend Mr. Srinivasa Iyengar and others as being the very last word on currency questions. There was a tone of awe about the way they spoke about Sir Victor Sassoon. It impressed me so much that I looked up his evidence. I had done it before. I looked it up again in the Currency Report and I was pleased to find that Sir Victor Sassoon disclaimed altogether being a currency expert. His modesty is quite marked in these replies that he gave and he has shown us the same modesty again to-day.

Now, the other point which I wish to refer to in connection with Sir Victor Sassoon is the statement which he made in connection with the Railway Budget. He said he had been mistaken about the cost of living. He had said that the cost of living had gone down and he finds it has not and he wanted to correct that statement. Well I think it is very right to correct a wrong statement, and I suppose Sir Purshotamdas Thakurdas is in the same position. But what I cannot understand is what all the shouting is about. If prices have not gone down, if the cost of living has not gone down, why are the mills in such difficulties? And after reading the note, after reading the Minute of Dissent—I am a plain man; I am not a business man—(*An Honourable Member*: “You are a professor.”) Yes, I am a professor, and sometimes professors do not understand things properly. When I read these papers your complaints seemed to me to amount to this: “We are very much handicapped in our industry; our prices have gone down but wages have not, and the consequence is we must do something. We were tided over the difficulty by getting the cotton excise knocked off. That helped us, but if it had not been for the cotton excise we should have had to compel wages to come down. We are not able to fight with our people and consequently you must give us a lower rupee.” Now, my own feeling in the matter is this, that there has been a great deal of unnecessary talk, first of all, about this being the natural ratio, and secondly there has also been a certain amount of misunderstanding with regard to the sanctity of the ratio. I do not know that it is really necessary for me to say very much about the naturalness of the ratio, after what I have already said about my experience of the rupee. I have stated what my experience of the rupee has been to me. It seems as natural that it should be at 1s. 6d. as at 1s. 4d. It was I admit, at 1s. 4d. for a considerable time. Now the argument is that once you have got a standard of value it is very wrong to meddle with it. I quite agree. It is wrong to meddle with it unless it is absolutely necessary to do so. (*An Honourable Member*: “Ah!”) What I want to say to Sir Purshotamdas Thakurdas and to other people who have been talking on the subject, as for example the Currency League, in connection with the standard of value is this. They say there is no difference between a pound, a yard and the standard of value in the precious metals. You will find that stated in many of the documents of the Currency League, and the Pandit to-day introduced very much the same kind of argument. It is the same kind of standard, that is their argument. Now what I want to point out is that it is not,

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and it is that fact that seems to me to be the moral justification of the changes brought about by fixing the exchange at 1s. 6d. Your standard of value is a thing that varies in itself, and you cannot prevent it from varying. However much you stabilise your rupee, you cannot stabilise your standard of value, because it is only one side of an equation and as the other side varies your standard varies. Let me take an illustration. If I take a pound weight of gold and another pound of gold and another pound of gold, the unit of weight does not vary. Each one of these pounds is of the same weight as the others. The gold does not vary either. It is the same quantity of gold. If I take a yard of cloth and another yard of cloth and another yard of cloth, all the yards are the same. But if I take a number of pounds of gold, a number of sovereigns, and if I increase that number indefinitely, their value changes. It is not a fixed thing like a measure or weight or distance. The value changes according to the quantity that you have. I know there are some people who deny the quantity theory. I cannot understand, after the illustration we have had in Germany, France and Italy, how any one can deny the quantity of money theory. It is simply that people deny facts they do not understand. (Laughter.) Why is it that there have been complaints against Sir Basil Blackett for deflation? I have been listening all this time in silence to currency discussions. Every day we have heard something about currency and every time Sir Basil Blackett has been accused of deflation. Why? What was his crime? He deflated. He took away some of the currency. What was the effect of that? Had it any effect? (*An Honourable Member*: "It pushed up the rupee.") It pushed up the rupee. Did it have any effect on prices? No, no effect. In fact one of the documents which I have received from the people who follow Sir Victor Sassoon has told us that as a result of the higher ratio prices are going up by leaps and bounds. (Laughter.) That is the kind of stuff served up to the ignorant people. (*An Honourable Member*: "Who was it?") It is written here, it is one of your followers. (Several Honourable Members interrupted.) It was a supporter of the 1s. 4d. rupee. (*An Honourable Member*: "Name him.") It was a paper sent to me. I certainly do not subscribe for it. (Laughter.) It is called the "Business Advertiser", and it is headed "India, the Milch Cow." The levelling of price is spoken of as one of the reasons for getting a high exchange ratio. Come to the produce markets and see what has been the effect of the high exchange. The price of every necessary of life has gone up by leaps and bounds. (Laughter and interruptions.) I can give the gentleman's name if you want it, but I do not want to do anything to injure his prospects.

Well, Sir, the point that I was at when I was distracted by these interruptions was that the standard of value is a thing which itself varies. The standard of value varies. (*An Honourable Member*: "No, why should it?") The standard of value varies because it is one side of an equation. When you say that a sovereign is worth so much, what is it worth? It is worth so much of commodities. And the consequence is that what has been happening during these past years is that we have been having a rise in prices and a great many people have benefited by the depreciation in currency. Our currency is depreciated at present relatively to commodities. When I go into a shop and put down a rupee I cannot get for that rupee what I used to get before. When I go and buy a cotton

shirt I have to pay three times as much as I would have had to pay before the cotton mills put up their prices. (Laughter.) They were able to put up their prices and pay huge dividends. We did not pay as big dividends down in Madras, but we still pay dividends and we do not know what all the shouting is about in Bombay. Why is it, if people have benefited so much by rise in prices, that they should complain so much if something is done to benefit those people who have not benefited? I belong to a particular class, the class of educationists, who have suffered immensely by the rise in prices. My own salary I think rose by the magnificent sum of Rs. 50. Speaking generally—I do not know so much about Government servants—but speaking generally of other people, while the price of commodities doubled and trebled, salaries did not rise, and the men who were engaged on fixed salaries in all kinds of business suffered immensely. And one of the reasons why I should strongly support a 1s. 6d. ratio is that I hope it is going to do something to check the rise in prices. I hope, if it does not do that, it will at all events prevent prices from rising higher. I say frankly that I am going to vote for it partly for that reason. I think there are many good reasons for voting for that ratio. Sir Basil Blackett seemed to me to make out an unanswerable case for stabilizing the ratio at one shilling and six pence. It is curious to hear these gentlemen pressing for the 1s. 4d. ratio and to turn back to the Fowler Committee's Report and to read this:

"The advocates of the 1s. 4d. ratio point to the fact that this rate has now been more or less effective for the last 18 months, thereby establishing a *status quo* which it would be unwise to disturb. This argument would have the greater authority if the *status quo* had been established in a natural way, but the circumstances have only to be read to deprive it of any value. To arrive at a rate in this way and then point to the accomplished fact as disposing of any questions of its propriety is calculated to have an injurious effect on the country's interests."

(An Honourable Member: "You have spoilt your case.") I have not spoilt it. That was written in 1898 by the produce exporters, Messrs. Muir and Campbell, who were the representatives then of the school which Sir Victor Sassoon represents to-day. The disasters that were prophesied then have not come to pass. Let me read for the benefit of Mr. Chalmers a statement that I see here. Mr. Chalmers represents Assam and is interested in tea. "Charges that the manufacture of tea has been reduced to the lowest limit and the margin left for profit, with exchange at 1s. 4d. is simply *nil*." Everybody was going to be ruined. The indigo planters, the tea merchants everyone was going to be ruined, and yet this ruin did not come off. "The agriculturist is also going to be ruined"; he was not ruined. I know of course that the currency catechism tells you what was the fate of the agriculturist in consequence. It states that "owing to the Government of India having forced the rupee up from 11d. to 16d., they died off in millions during the famine time." That is again the stuff that is served out by the Currency League. (Sir Purshotamdas Thakurdas: "It was very rash.") I will read it to Sir Purshotamdas Thakurdas. (Sir Purshotamdas Thakurdas: "I have read it very carefully.") "This will result in their dying off by millions as they did in the period 1895-1900, when Government did exactly what they are doing now in order to force the rupee up from eleven to sixteen pence." Now I do not want to take up the time any longer of the House. There is only one more thing I will read; though I have got quite a selection of things here, (laughter) (Sir Hari Singh Gour: "Be careful what you read.") and I feel I have a better right than the Pandit to take at least my share of the time. What I want to refer to is the evidence given by Professor Marshall before the Currency

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Committee of 1898. Professor Marshall, who was one of the ablest economists, much abler than some of the younger people, was asked this question by Mr. Campbell: "In answer to question No. 11842 you say 'If the statement is that a depreciating currency gives a bounty to the employer who is producing for export, I admit it.' But you add 'the bounty is just the same and at the expense of just the same people as that which he would get from a depreciating currency if he were producing for his home market and not for export.'" That means Professor Marshall was asked, what the effect would be of a fall in exchange and of the depreciation of the rupee. Would it give a bounty to the exporter? He said in reply: "Whom do you mean by the exporter? Do you mean the entrepreneur or do you include man who lends him money and the labourer?" He said the labourer was at least as important as the entrepreneur. Mr. Campbell continued: "I think you go on to say that the bounty to the exporter is at the expense of the employes?" Mr. Marshall replied, "Of the employes and possibly to some extent of the person who has lent capital to them," and he added: "The employé would I think lose a great deal." That I believe is the position still. I think the people who are going to lose, if you go down to 1s. 4d., are the people who have got small fixed incomes and the wage earning class; and I for one shall be no party to bringing about anything of the kind.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I have been looking forward to this day when it was to be my privilege to submit my views to this House in connection with the Minute of Dissent, which I thought it my duty to append to the Report of the Royal Commission on Currency and Finance. I expected, Sir, to have this privilege exactly 40 days back, and I was more than encouraged in it when I read in the records of this House of August last, that as early as the 23rd August of last year the Honourable the Finance Member had definitely declared it as his opinion that it was most urgent that the stabilization of exchange should be settled upon by this House. However, when during the subsequent months, Nature decreed that what the Finance Member then had so fondly expected was to go absolutely wrong, and when in August last year the Finance Member thought that he would be implored to buy exchange here, actually he was compelled to sell Reverse Councils in order to prevent exchange from going down, he made up his mind on the 25th of January this year that what was urgent in last August might be put off by another forty days. He then thought that it was necessary to have the help of the two Budgets in order to get this side of the House at least to see the charm of the 1s. 6d. ratio. These 40 days also have passed by and again he has found, if he will only read the signs of the times, one small weakness clearly shown on the horizon. During these 40 days, Sir, he found it necessary to modify the letter which he had written to the Bengal Chamber in 1924 promising the Imperial Bank of India the first part of emergency currency at six per cent. And in reply to a question he informed us naively that when he said that in the letter he had a mental reservation in his mind, that 6 per cent. was the minimum rate. 7 per cent., Sir, has therefore been the rate at which the Imperial Bank was given emergency currency this season, and yet the 1s. 6d. rate has refused to mount higher. The net result is that out of the requirements of the Secretary of State for this year, £5½ million or thereabouts still remain to be remitted, and I expect that the Secretary of State will be asked to run down his balance, a step which may well be followed in subsequent years.



I am very much inclined, Sir, to submit my case to the House in the same manner as the Finance Member has done. In fact I feel that I owe it to the House that I should tell them why I found it advisable to agree to gold bullion standard with the special condition that I have named; why I thought it necessary to differ from my colleagues regarding their Reserve Bank scheme; and why I considered it my duty to put in a dissenting minute regarding the 1s. 6d. ratio. But the time, Sir, allotted for the purpose of discussion of this Bill is so limited, and I am speaking at such a comparatively late hour in the day that I propose—and I hope I will have the approval of the House—not to take any more time to-day either regarding the standard question or regarding the Reserve Bank question.

I am quite aware, Sir, of the mild and considerate but unmistakable hint which my esteemed friend, the Honourable Pandit Madan Mohan Malaviya, threw out; he was sorry that I did not recommend or go in for full-fledged gold standard and gold currency. I know that I am criticised very strongly for this by persons and by professors whom I hold in the highest esteem and regard. I also know that they do not suspect my motives for what I have agreed to; but at the same time I feel—and I feel it all the more—that I owe an explanation to my country and to this House and at every stage. When the other two subjects come up it will be my duty to put my views before the House for such decision as may, in their judgment, be in the best interests of the country. To-day I, however, propose, Sir, to restrict my remarks strictly to the question of the ratio.

The Honourable the Finance Member has, during the intervening period from last August up to date, said in his several public announcements that the question of the ratio is a minor one. May I ask him if he is still of the same opinion that the question of the ratio is a minor one and if he is prepared to accept 1s. 4d. if this House passes it, or does he think that the question of the ratio is all important to him and he must have 1s. 6d.? If the Finance Member feels that stabilisation is necessary and urgent, it may be stabilisation at any rate which the representatives of the people may consider to be suitable after very careful deliberation. After all they have had six months to do it. There has been fair consideration of the subject in the country and I wonder if the Finance Member would lay this down, Sir, as an absolute and sacred condition not to be questioned or to be disturbed that if stabilisation is required by the country it shall be only at the rate which he has fixed upon and at nothing else?

But before I deal further, Sir, with the various remarks of the Finance Member, I wish to give one or two minutes to the remarks of my Reverend friend, Dr. Macphail. Sir, Dr. Macphail, I am very glad, has told us that he was in the country when the agitation against the closing of the Mints was on. Dr. Macphail asked "was the rupee pushed up?" He almost criticised my Honourable friend the Pandit for having said anything, if not in so many words, liable to that inference.

**The Revd. Dr. E. M. Macphail:** On a point of personal explanation, Sir, I do not know what I said, but I certainly did not mean to say anything of the kind, because I was here at the time of the closing of the Mints and I know that the Mints were closed as the rupee had dropped. The whole object of closing the Mints was to push up the rupee.

**Sir Purshotamdas Thakurdas:** I am very glad of the Revd. Dr.'s explanation. But I was wondering whether the Revd. Dr. was referring to the Honourable Pandit's remarks that the rupee was pushed up by the Government of India after 1921 . . .

**The Revd. Dr. E. M. Macphail:** I was referring to his remarks about the pushing up of the rupee in 1917 when the rupee went up over 2 shillings and he said anything like that cannot happen in any civilised Government.

**Sir Purshotamdas Thakurdas:** May I ask the Revd. Dr. Macphail if he will agree with me that the rupee was pushed up by the Government after it fell to under 1 shilling gold after the Reverse Councils? I make that deliberate statement, Sir, and I would like to be obliged with a reply if he agrees with me that the rupee was pushed up deliberately by the Government of India from 1 shilling gold after the Reverse Councils misfortune. Sir, it is this way. The rupee was pushed up, Sir, in this manner. A policy was devised and the rupee was left with that policy and it could move only one way and one way alone, that was improved, if not in one, in two, or three or four years.

What was done was this. All through, after the Fowler Committee report, which by the way was accepted by the Government of India, the Secretary of State and Her Majesty's Government *in toto*, the Executive began to evolve a policy quite different from the policy recommended by the Fowler Committee.

**The Revd. Dr. E. M. Macphail:** May I ask the Honourable Member . . .

**Sir Purshotamdas Thakurdas:** I propose to give way every time to Dr. Macphail.

**The Revd. Dr. E. M. Macphail:** I ask the Honourable Member when he is speaking if he would tell us whether he approves of the closing of the Mints or not.

**Sir Purshotamdas Thakurdas:** I am coming to that. I have got that point next on my notes.

A policy was evolved by the executive absolutely at variance with the Fowler Committee recommendations. In accordance with that policy—and I have given pertinent parts leading to this departure in paragraphs 1 to 49 of my Minute of Dissent—in accordance with that policy the country was flooded with silver coins, token coins; gold was not kept in this country but was removed from this country in spite of the protests of a strong Viceroy like Lord Curzon and was taken away to England. The first Commission, after the Fowler Committee report, appointed owing to protests from the late lamented Sir Vithaldas Damodar Thackersey and others, was appointed in 1913. Unfortunately the Chamberlain Commission's report, of which the Finance Member was a Secretary, submitted the report just before the outbreak of the war. That report practically remained uncriticised, or I may say unnoticed by the Legislature of the day or by the public. As soon as the War broke out, everybody, Sir, turned his attention to the War. The rupee was kept pegged just as the pound sterling was pegged to the American dollar right up to the Armistice time and a little after it. Large exports were being made from here and on account of the small imports which could possibly come to India, we had the large balance of trade in our favour left in London. No gold could possibly come to India and no one, not even the Indian Merchants' Chamber in Bombay, said a word regarding the currency policy of the Government of India under those circumstances. We all felt that during a period when it was a question of life and death, after all the question of currency or anything else stood secondary. After the Armistice when the rupee was unpegged, when the sterling was unpegged with the dollar, came the rise. We had a large balance, Sir, due to us

in London. A Committee was appointed in London; the Cunliffe Committee, Sir, I think, had Sir Basil Blackett on it as a member. If I mistake not, the Chairman of that Committee was the Governor of the Bank of England. They sat for nearly three years and before that Committee could or did express any opinion, the Secretary of State appointed a Committee to consider a more or less permanent policy in the matter of (our) currency. Thus the Babington Smith Committee was appointed. The Babington Smith Committee had only one Indian on it, Sir Dadiba Dalal, who put in a Minority Report which is looked up to by Indians at least to-day as a monumental document. His was the opinion which came out right. During the period immediately following that report, it used to be my duty to be one of the few members of the Indian Merchants' Chamber who went to the Indian Merchants Chamber's office every day during the period the Reverse Councils were being sold. Nobody was listened to. Reverse Councils were sold, simply because the Babington Smith Committee had said something by a majority under different circumstances. World prices were falling. The Babington Smith Committee themselves had said that if world prices fell, their whole recommendation would require revision. This was pointed out by us to the Government of India. In

fact, the tragedy of it is that on the day on which in October 4 P.M. 1920 the 1s. 4d. gold rate was removed from the Indian Statute and 2s. gold was put on, the actual prevailing rate was close to 1s. 4d. gold. Crores of rupees of India were wasted. The exchange could not be maintained, and it fell to a little under 1s. gold from 2s. gold. Government decided to leave the rupee alone and the 2s. gold rate on the Statute became ineffective. My late lamented friend Sir Vithaldas Thackersey moved again in the Assembly in January 1921, and urged on the Government to revise this dead ratio. The Government of India refused to accede to his wishes. Sir Malcolm Hailey gave several assurances which, in the light of what has now turned out, were pious assurances. On a division Sir Vithaldas Thackersey's Resolution was lost by 4 votes. What has been the result? Ever since then up till now, the 2s. gold ratio has been left on the Statute-book. This has cut out gold being tendered to the Currency authority in this country, and whenever there was any favourable balance of trade, the automatic expansion of currency in India has been cut out. The Government of India has been practically the sole judges of the rate at which exchange can prevail.

As to the figures of the absence of expansion and of the total deflation that has been effected by the Government of India till now from 1921, I hope the Honourable the Finance Member will at a later stage be able to give us a few details. I submit, Sir, that in leaving the 2s. dead and ineffective ratio on the Statute from 1921 up to date, the Government of India had nothing else or could have had no other consideration in mind than to bring up the exchange to a point which they themselves really wanted. Sir, after thinking over the whole question, I now make this statement deliberately, that if the Government of India had not put up the exchange beyond 1s. 4d. gold when reached in 1924, if they had pursued a correct policy in this matter, things would not have been brought to the state in which they are to-day. It is not difficult to understand why the Honourable Member to-day or on one or two or three different occasions said "Well, leave the exchange open". If you leave exchange uncontrolled, whenever there is a balance of trade in favour of India, exchange must go up. What I say is, why did you not in October 1924 put

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on 1s. 4d. on the Statute-book when 1s. 4d. gold was the actual rate available? Why did you leave it open? Is there any country that you can name which has done so?

**The Honourable Sir Basil Blackett:** Yes, Sir.

**Sir Purshotamdas Thakurdas:** Which one?

**The Honourable Sir Basil Blackett:** I do not like to interrupt the Honourable Member. He will find that Siam which is a neighbouring country to India has done exactly what India has done.

**Sir Purshotamdas Thakurdas:** Exactly, Sir. Is India to be compared with Siam? Is there any major country that you can name? I can also name some Colonies, British East Africa and Kenya. May I ask the Honourable the Finance Member to say if he considers that Siam and India are alike and can be reasonably compared in this matter?

**The Honourable Sir Basil Blackett:** I think they are very much alike in matters of exchange.

**Sir Purshotamdas Thakurdas:** Are they? What a comparison? Sir, I feel that my reply to the Revd. Dr. Macphail's first question is that the Government of India, if they urge they did not deliberately push up exchange since 1921, are guilty of having left on the Statute a rate which could achieve nothing else but appreciation in the value of the rupee. It is no good, therefore, turning to us to-day and saying that the Finance Member has only obliged us by stopping at 1s. 6d. while you might have had 1s. 8d., 1s. 10d. or even 2s. I have before now publicly acknowledged what the Honourable the Finance Member did in asking the India Office to stop in their mad course at 1s. 6d. gold. All credit is due to him for having done that, but I think that he should and could have done better by us and earned our gratitude.

The next question, Sir, which the Revd. Doctor asked me was, was the closing of the mints right? Now, Sir, the difference between him and me in regard to this question is simple. When the mints were closed, I was at school. When the mints were closed, the Revd. Doctor was teaching Political Economy. But from what I have read and from what I have discussed with my friends, and especially after what has fallen from Pandit Malaviya, I can tell the Revd. Doctor this much, that the closing of the mints was protested against in no uncertain terms, as far as I can gather from previous records, because a full value coin was what was required by the people of India; that was taken away and a token coin was given to them. Why do Indians to-day, Sir, want a gold currency? Why do they want a full value coin to-day? Because they feel, Sir, that they cannot trust the Government of India in their currency policy. Past history is unfortunately against the Government of India. In fact, even to-day, Sir, it is a matter of personal regret to me, and it is a matter of personal loss to me that on this question such an eminent financier as Sir Basil Blackett cannot see that Indians are justified fully in the suspicions they have regarding the currency policy of the Government of India. When he put forward, Sir, his gold standard and a gold currency scheme, I thought that he had really hit the nail on the head. He said "I want India to go on to the ideal; I know that they want a gold standard and a gold currency; give it to them; and having given it to them, they will themselves get tired of the cost involved and they will take to the ideal

system". The only difficulty, Sir, was that there was a paragraph at the end of Sir Basil Blackett's statement which he possibly could not help—perhaps anybody else in his place would have had to put it in—the commission found in London that in the unsettled conditions in which Europe still is, Sir Basil Blackett's scheme caused almost alarm. But I am drifting into the gold standard and gold currency question. All I wish to tell the Finance Member is that, if his wide experience and acquaintance with the Indian public has not confirmed this impression on him, he might try again. The public in India want a full value coin until they can trust the Government's currency policy. They deplored the closing of the mints in 1892, because they would not trust a token coin. The subsequent history has not been to the credit of the Government of India, I must assert. If the Government of India now persist in carrying through the 1s. 6d. ratio or in doing anything against the 1s. 4d. after it is passed by this House, it will be another dismal chapter added to those already in existence.

But, Sir, I would like to remind the Revd. Dr. of this. On the Herschell Committee there were two members, Lord Farrell and Lord Welby, who said this in their supplementary minute: "Under these circumstances"—this is what they said,—"we could not join in the recommendation contained in the Report"—that is about the closing of the mints—"without at the same time recommending that the Government of India should, in view of the ultimate adoption of the whole of their plan, be prepared to secure the convertibility of the token silver currency and should with that object accumulate a sufficient reserve of gold". These two Lords were neither merchants nor exporters as Sir Victor Sassoon or myself. They themselves said that they approved of the closing of the mints on the distinct understanding that gold would be accumulated in order to get convertibility of the rupee into a gold coin. Is it the fault of Pandit Malaviya, I ask, that he uses strong terms in condemning the policy which took away from India a full value coin, giving hopes that gold currency would be available? And to-day we are told, gold currency and gold standard apart, have a promotion in your currency ratio, a thing which has no parallel in any part of the world.

Then, Sir, regarding the rupee borrowings of the Government of India, the Revd. Dr. asked my friend, Sir Victor Sassoon, whether it is not a fact that a few crores were borrowed in 1860-70 when the exchange was about 2 shillings? Surely, the question is not one of trying to do justice to the creditors. If that was the idea, what did the Government of India do in 1898 for their lenders from whom they had borrowed at 2s.? The whole question is of the rate at which Government are now making it compulsory on the tax-payer to pay the rupee debt of the Government.

**The Revd. Dr. E. M. Macphail:** Might I ask the Honourable Member why Sir Victor Sassoon made an exception of the money that was raised at 1s. 6d.?

**Sir Purshotamdas Thakurdas:** I don't know why Sir Victor Sassoon did it. I am only telling him the reasoning underlying this point. You have a certain debt in rupees. If you put 1s. 4d. on the Statute, obviously you will have to repay so many crores into 7·5 grains of gold per rupee or commodity value. If you put 1s. 6d. on the Statute, you repay so many into 8·4 grains of gold per rupee. The question of the rate at which the debt was really borrowed hardly matters, unless it is the Finance Member's

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intention to-day to try and do justice to the creditor, in which case of course another Bill will be required before the House.

Now, Sir, the Revd. Dr. Macphail had a fling at the Bombay mills. I don't wish, Sir, in the least to defend the Bombay mills. They have a very capable spokesman here in Sir Victor Sassoon. But I have myself been offered the honour of having put forward the views of the Bombay mill-owner in my Minute of Dissent. Now, I wish to point out this to the Revd. Dr. Macphail. Does he realise that, after all, if 1s. 4d. is put on the Statute, the mills in India (leave aside the Bombay mills, even including the Madras mills) will all have to pay 12½ per cent. more for 60 per cent. on cotton? Of the total expenditure, in which I include wages, stores and cotton, 60 per cent. is cotton. On that 60 per cent. the Indian mills have to pay 12½ per cent. more at 1s. 4d. On stores, which is about 5 per cent. of the total expenditure, they pay 12½ per cent. more. The whole point is whether the cotton industry suffers at 1s. 6d. and it applies equally to mills at Bombay, Cawnpore or Madras, I submit to the Revd. Dr. Macphail that the reason is that the purchaser of the produce of Indian cotton mills is the Indian cultivator, the Indian masses, the Indian middle classes at best. There are very few of the richer classes that buy the produce of Indian mills and it is because by the higher ratio you actually run down the buying capacity of the cultivator that the Indian cotton mills complain. If that is objectionable too, I submit to the Revd. Dr. Macphail, then only can he criticise the mills in their attitude. You really hit the largest class of their customers. The Indian mills do not export their cloth. They sell their cloth here. If you hit their best customer and practically their only customer, and if their buying capacity is contracted because of the 12½ per cent. by which you decrease the return to the grower of their raw produce, is it not right that even the most selfish of the mill-owners should get up and say that is a wrong policy? I hope that this at least will appeal to the Revd. Doctor.

But, Sir, the funniest part of his speech was towards the end. The Revd. Dr. Macphail said: "Oh, you all warned us in the past that everybody would be ruined, but nobody was ruined: nobody is ruined yet." Surely if there were people ruined, Dr. Macphail would not see them moving about? He personally would not see them. Some of us might see them. I submit that very few Europeans would actually see the Indian that is ruined, the Indian that is in distress. Unless the Revd. Dr. Macphail is a missionary, doing some social benefit work amongst Indians and is helping to support them by some donations, I submit, Sir, that he and very few Europeans would see the poverty or the ruination of the Indian part of the population. That would be reserved, Sir, for Members of this side of the House. It is not a racial question at all. You don't mix with that part of the population at all. You only move amongst the upper middle classes. Soon after the closing of the mint in 1892 there was a famine; not that the famine had anything to do with the closing of the mints. (Hear, hear.) The closing of the mints really reduced the staying power of the agriculturists. On the top of it came the famine, with the result that those who only fed themselves on a half or a quarter meal a day, what could they do, Sir, but fall an easy prey when scarcity and famine came on? Sir, I have here news about something which is more up to date. I have in my hand, Sir, a copy of the *Indian Daily Mail* of 10th February last. There is an article subscribed

by T. S. Dighe, a lengthy article, but I will only read one or two passages from it. It is headed "Famine in Berar" "Need for Civil Relief and Remission of Taxes":

"This year while the crop on an average in most of the villages in Berar is less than three annas, the rate of cotton is not half of what it was in the last two years."

Further on, Sir, he says:

"The agriculturist in Berar is hard hit. He has no money to pay Government assessment. The Berar Saakar has also no money as his coffers are empty, as they were not filled during the last two years owing to failures of crops. To-day, the agriculturist does not get loans even if he is willing to pay the extortionate rate of interest of 36 per cent. per annum, and is willing to allow deduction of 20 per cent. recently introduced as "Hundawan" in Berar by unscrupulous money-lenders.

*No Bidders at Auction Sales.*

Men outside Berar would be surprised if they are told that the peasantry in Berar has become so poor now owing to successive failure of crop that in villages there are no purchasers for land. . . . In one village (Rajandra) the sale of 24 acres of land which in ordinary years would have fetched at least Rs. 3,000 was sold for Rs. 320 and the claim of the Akola Bank was not satisfied even by this sale."

And, Sir, so the tale goes on. I hold this article, Sir, at the disposal of any Honourable Member who may wish to see it.

There is another, a later on, which is dated Ellichpur, 21st February. And I will only read the last two sentences.

"Normally the purchasing power of the individual in Berar has been always higher than in many districts in the Central Provinces, but the effects of the past three agricultural seasons have told more than ever, and the result is to be observed in lower prices and small profits, and in lower labour wages owing to there being no demand for the latter."

And, if in spite of this, it is contended, Sir, that agriculture is not hit owing to the change in the standard of payment, all that I can say, Sir, is that the whole issue is being put before the House in a manner that it may be more and more confused instead of getting clearer.

Now, Sir, I would like to take up one or two points in connection with what Sir Basil Blackett himself said. Sir Basil Blackett, Sir, in his speech, this morning, asked whether it was agreed that we should stabilise now. There is no difference of opinion about it this time. A few days back this House actually adjourned in order that we may compel Government to consider the Ratio Bill earlier than now. The whole difference is between the two rates. In supporting or advancing his rate of 1s. 4d. Sir Basil Blackett inquired what answer Government could give if there was bankruptcy due to the 1s. 4d. rate. I suppose he means bankruptcy in commercial circles. Now, Sir, whether 1s. 6d. if carried through, and adjustment to 1s. 6d.—such balance of it as is left over—is to be enforced—whether that will bring more bankruptcy or a reversion to 1s. 4d. will bring more bankruptcy is a question about which I would not be dogmatic myself. I would leave it, Sir, to various Honourable Members on whose vote this question depends. to decide it in the light of their own information and their own inquiries. But with reference to the Honourable Member's question I am inclined to give him a reply. I wish to ask the Finance Member if he is aware that when the Government really put 2s. rate on the Statute and after the inability of Government to maintain the 2s., when many importers were ruined, there was a very strong complaint that the

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Government should give them some redress. Speaking in the Assembly, Sir Malcolm Hailey said as follows:

"But I would ask the House to remember that I definitely told the Legislative Council last year that it was impossible to say what variations might take place in the rupee-sterling exchange throughout the year. Ordinary commercial prudence should have led merchants to cover their exchange."

Now, if the Government of India had justification for what Sir Malcolm Hailey said in 1921 with reference to a rate which was put on the Statute and to maintain which the Government spent so colossal an amount, there is hardly anything to be said for a rate which is neither statutory nor has the weight of official indication; for, indeed, if there was an impression that the Government wanted 1s. 6d. it was known also that the Indian public were against changing the permanent ratio of India unless convincing proof to the contrary were evinced. Therefore, I submit to the Honourable Member that he will not find it difficult to give a reply. In 1921, Sir, Sir Malcolm Hailey gave a reply to the men who came to him for relief. He said that even though they had actually put 2s. rate on the Statute, they did not undertake to keep it up. Regarding 1s. 6d. the Government only said that they would maintain the 1s. 6d. rate up to a certain period, and after that, everybody knows that the ratio is to be decided by the Assembly. Therefore there can be no reply needed. But I suggest to the Finance Member very earnestly that the question whether it is the 1s. 6d. which will bring more bankruptcy or a reversion to 1s. 4d. is a question which to my mind is not very difficult to decide, but on which there can be serious difference of opinion with his view at least.

The next question is the question of wages and the Finance Member asked whether Members on this side of the House would really like those who work in the Postal Department, in the Telegraph Department, and the Railway Department should all be mulcted of their 12½ per cent., or if they were to be given increases, further taxation for that purpose would have to be voted. Neither is necessary and I assure the House that both of these are, if I may say so, very strong unjustifiable exaggerations by the Finance Member.

Sir, the Currency Commission based several of their recommendations on the opinion of Professor Gustav Cassel, and I will read, Sir, only one paragraph from Professor Gustav Cassel's Book on "Money and Foreign Exchange after 1914" (from page 274, if a reference is needed). He says as follows:

"Finally, emphasis must be laid on the fact that the policy of stabilisation cannot be merely concerned with a particular group of prices"

—I would like the Finance Member to remember this regarding what he was emphasising about my consent to the unanimous part—

"such as wholesale prices. Stabilisation must rather be extended to all prices, and consequently even to wages. Under normal conditions the natural formation of prices always tends to form a certain economic equilibrium between different groups of prices. A fundamental condition for this equilibrium is that produce—prices correspond to the costs of production—that is to say, the sum total of prices that have to be paid for producing the articles. This condition seems at present—(i.e., in 1922, when the book was written)—to be far short of fulfilment in most countries. During 1921 wholesale prices dropped in a number of cases so excessively that they reached a level far below the costs of production. In such cases an adjustment is essential either by raising the price of the produced article or by reducing wages or other costs of production. If a severe reduction in nominal wages might be attended with very serious difficulties, due consideration must be taken of such a contingency when choosing the price level which it is desired in future to establish as normal. This



inevitable connection of ideas politicians usually seek to expel from their minds. It is inopportune to talk of a reduction of wages, and the subject is studiously avoided. And people are all the same quite prepared to hold out prospects of an improvement in the country's currency. This is a futile game of hide-and-seek. It is now a primary necessity for all nations and all classes to learn to look reality in the face. There are no grounds whatever to justify the idea that it will be possible to maintain wages at a relatively higher level than the prices of commodities. Indeed, this would mean that the productivity of labour had been increased through the disturbances we have suffered since 1914. Still, there can be no one who would ever seriously champion such a theory."

We should, therefore, Sir, be satisfied whether wages and salaries have gone down in proportion to the 1s. 6d. rate before we can accept the theory recommended by my colleagues of the Commission. If this is not the case, as we all know it is not, because wages have not yet gone down; and if we still decide upon 1s. 6d., we shall be giving a mandate to the parties concerned to reduce wages and salaries. Government servants including the Finance Member and his peon, that is high and low, clerks and other employees in business firms, as well as labourers in industries, in manufacturing concerns or on the field should be all prepared for a reduction in their emoluments at an early date. Those who are taken in, on the score of the interests of the consumer, will see that no amount of jugglery on the part of any Government will prevent this inevitable economic law from coming into operation. If there is any effort on the part of the parties concerned to oppose the reduction of wages and salaries which must follow the 1s. 6d. rate, it will mean serious struggles between capital and labour. And in this connection we may point out the fate of highly organised and politically supported labour in England in the coal industry. They had to submit to proportionate reduction in their emoluments due to the deflation practised in England. And indeed this is not a rosy prospect in order that we may consider the 1s. 6d. ratio.

We are told that if the 1s. 4d. rate is put on the Statute, these people will suffer. The Revd Dr. Macphail said that he supports the 1s. 6d. because he feels . . . .

**The Revd. Dr. E. M. Macphail:** Partly because.

**Sir Purshotamdas Thakurdas:** Yes, partly because—you did say partly because—he feels that that would give his very limited income a larger purchasing power. Sir, in laws of economics nothing drops from heaven, and very little grows from mother earth by way of money. If Dr. Macphail says that somebody gains, who pays it? I venture to ask the Rev. Dr. Macphail this question "Who pays it?" Does it come from the coffers of the Government? Does it come from the coffers of my Honourable friend, Sir Victor Sassoon, who, I understand, has got a few crores of rupees and he may not mind taking out a crore and giving it: certainly it does not come from out of my pocket. Who pays it? I submit to the Reverend Dr. that he might think over this problem again and I am sure he would be the last person to ask to be allowed to benefit a little, even though it be a limited income, if the tiller of the soil in Madras lost it.

**The Revd. Dr. E. M. Macphail:** I take the tiller of the soil amongst my own people.

**Sir Purshotamdas Thakurdas:** The only difference is that your income goes into hundreds of rupees a month and his runs into a hundred rupees at the most a year.

[Sir Purshotamdas Thakurdas.]

The Honourable the Finance Member warned us about strikes. Nothing else can lead to strikes more surely and more unmistakably than if you try to push through this 1s. 6d. and stabilise it (The Honourable Sir Basil Blackett rose to say something.) There is no question about it. The Honourable Member will have his right of reply. If he will give me a right of reply after him I will sit down and give way every time. Surely, it is impossible that you can afford to pay your labourer at a rupee worth 8·4 grains of gold the same amount as you were able to pay when the rupee was worth 7·5 grains of gold. If I am a cotton grower and grow 5 candies of cotton and if you decide because of your power that the price to me in rupees should be restricted only to the appreciated rupee I am bound to get fewer rupees in contrast with the world gold prices, and world gold prices cannot be influenced by any Government ever so powerful. Therefore if I am going to get fewer rupees I cannot possibly pay out the same number of rupees which I used to pay out when the rupee was lighter in gold by one grain. I submit therefore that it is no use contending that labour wages will not go down at 1s. 6d. They are bound to go down. The difference is this. They will go down then numerically and in volume. To-day you take them away by restoring the 1s. 4d. and making the rupee worth 7·5 grains of gold as it was before the war.

The Honourable the Finance Member asked 11 questions. I remember those 11 questions very well. I have got a reply to those 11 points ready with me, but I feel that on this general discussion I should not take more time and thus curtail the time available for other Honourable Members. I take up the Honourable Member's challenge and I will reply to those 11 questions on the amendment regarding the ratio which is bound to be moved by one Honourable Member or another. But I ask the Honourable the Finance Member if he will reply to a few simple questions which I propose to put to him. I am sure that he will not have to look up many figures. I want him to reply to them so that the House may decide fairly in the light of facts. I do not want him to say "Yes" or "No" before he sees the questions. (Laughter.) I am serious and shall read out my questions:

(1) Is it a fact that no other major country in the world has appreciated its currency above its pre-war ratio in relation to gold? If the reply to the above be in the affirmative, what are the reasons for India being treated in this special manner by the Government of India?

**The Honourable Sir Basil Blackett:** That is easy.

**Sir Purshotamdas Thakurdas:** (2) Is it a fact that Government have been able to push up the rupee to 1s. 6d. gold owing to their insistence on retaining the dead ineffective ratio of 2s. gold on the Statute-book which prevented gold from being tendered to the Currency Authority in India? Is it a fact that the Indian commercial community protested against this ever since 1922? Was 1s. 4d. gold available for being put on the Statute in October 1924 and why was that opportunity deliberately allowed to pass?

**The Honourable Sir Basil Blackett:** That is easy.

**Sir Purshotamdas Thakurdas:** I told him that I would give him very easy questions to answer. (Laughter.)

(3) Is it a fact that:

(a) the policy of working up the ratio beyond 1s. 4d. gold has been accelerated by the Government of India starving the country of normal expansion of currency during the years 1921-27? and

(b) that during the current year (1926-27) very large actual deflation of currency has taken place?

(4) Is there any major country that can be quoted as having been treated in the manner that India has been treated during the last six years, *viz.*, insistence of Government to keep an ineffective ratio of 2s. gold on the Statute-book cutting out gold for tender to the Currency Authority? And if so, will the Finance Member name such country or countries?

(5) Will Government put on the table a statement showing the total nett amount of deflation done since 1920 year by year?

(6) What is the basis of the figures of production and price level on which the Finance Member justifies his policy of:

(a) compulsory non-expansion of currency, and

(b) deflation of currency during the period 1920 till 1927?

I will, when the ratio amendment is under consideration, submit to the Honourable the Finance Member my replies to his 11 questions. I hope he will reciprocate the courtesy by giving me such answers as he may think proper to my questions. On these two let the House judge.

Regarding the Fowler Committee's report, the Honourable the Finance Member said that Members on this side were very fond of quoting minority reports. Unfortunately, for India, it has been so. Where you put a minority of Indians on a Commission and where one or two out of them have the boldness to say something which is again a minority within a minority, is it a wonder that the Indian public in the light of the experience of the past attach a little more weight to such daring member than perhaps the member deserves? I happen, Sir, to be one of those fortunate or unfortunate ones, whichever way you look at it, and I feel that my countrymen have valued my services more than they deserved; but that does not make the material in my Minute of Dissent any the less worthy of their attention. Regarding the Fowler Committee report, the Honourable the Finance Member said that the members who have been quoted from the Fowler Committee recommended 1s. 3d. It was the majority of the Committee that said 1s. 4d. To-day the question is between 1s. 6d. and 1s. 4d. He asks, why do those members who quote the dissenting members of the Fowler Committee not favour 1s. 3d.? If I may say so to the Honourable Member, this is a very good trap. The question is now,—as it was then between 1s. 4d and 1s. 3d.—the question is now between 1s. 6d. and 1s. 4d. Nobody asked to-day for 1s. 3d. or anything under 1s. 4d., because that would be unfair and doing injustice to the creditors. We ask for 1s. 4d. because 1s. 4d. was on the Statute-book till 1914. India's currency, if the Honourable Member will only look at the figures—India's is the only currency which got least disturbed, because 1s. 4d. gold was only disturbed for a period of three years, and even then it was 1s. 5d. and not 1s. 6d. Sir, a reference to Appendix VII in Volume III of the Royal Commission's Report will give the figures. I have got the figures but I do not think it necessary to give them. All that I say is that 1s. 4d. gold was longest in existence during the last 12 years and as a matter of fact it was exceeded only for

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about 18 or 20 months. That was the only period when it exceeded 1s. 4d. gold and for the rest of the period it was under 1s. 6d. gold. So nobody wants 1s. 3d. I know that 1s. 3d. would be as unfair to the creditor as we claim to-day that 1s. 6d. is unfair to the debtor.

The Finance Member further said the agriculturist receives the same gold in world markets. It is not doubted at all. For your agricultural produce you receive the same gold in the world market. It is in bringing gold from the international market to India that my Honourable friend intervenes and by fixing the ratio at 1s. 6d. he prevents the sovereign from being converted into Rs. 15. He compels a man here to be satisfied with only Rs. 13-5-4, and takes a part of the difference for his Budget, which is shown as a surplus budget; he gives provincial contributions and gives the rest to those who remit money outside India. It is here that the real mischief comes in. Therefore, if Government are prepared to give India a gold currency the question will only affect debts outstanding up to date. Until that I feel very strongly that the greatest possible injustice will be done to the masses of India by not reverting to 1s. 4d. and by stabilising at 1s. 6d.

My attention has been drawn by a very esteemed Honourable Member to paragraph 191 of the Majority Report and I have been asked to say why in other countries adjustments of prices take place in one year or two years and why in India it should take longer. Now, Sir, take England itself. When they went to the gold point, in April, 1925, Professor Keynes is reported to have said that it would take two years for complete adjustments. Now, Sir, the trade of England is mostly export and import trade. England has to import for the purposes of her own food. England has to export most of her industrial manufactures and for the United Kingdom the internal trade in addition to the export and import trade is estimated at anything between 15 to 20 or 25 per cent. of the total trade. Any way it does not form the major part of the trade of the United Kingdom. Even in a country like that adjustments to a 1 per cent. rise in currency amounting to 2 per cent. is said to take two years. As against this for India, her export and import trade is estimated only to be a fraction of her total trade. The internal trade of India is estimated at anything from 10 to 15 times the external, i.e., export and import trade. You have therefore a country with the bullock cart, as Sir Victor Sassoon said, with 10 to 15 times internal trade as against England which has most of her trade consisting of her export and import trade and when you bear in mind that the import and the export trade adjust themselves in exchange simultaneously practically within a day, surely if England takes two years for complete adjustments, in India where the internal trade is ten times the import and export trade it would be risky and dangerous to assume that the adjustments can take place within less than 7, 8 or 10 years. And to-day for 1s. 6d. gold we have not even completed the second year.

Sir, the Finance Member said that sanctity of the ratio is after all sentimental. Well, sometimes there is some good even about a sentiment. May I ask the Finance Member this? What is the intention of the Government of India or of the India Office in this respect? Sir, gold standard and gold currency are after all India's birthright. We shall have it out of the Government of India, if not now, within 5 or 10 years. That is not a gift that we are looking forward to. It is our

birthright. If we are united we shall fight for it and win it. We are anxious that we should not have it at the inconvenience of England. We are anxious that we should not disturb European conditions. But is it the intention of the Government of India and the India Office that until we can have or until we take from them a gold standard and gold currency, they are slowly giving us promotions from 1s. 4d. to 1s. 6d., 1s. 6d. to 1s. 8d., then 1s. 10d., and then 2s. Unless there is sanctity attached to this question of the ratio, I have not the least doubt that in order to bolster up Government Budgets, in order to avoid further taxation, in order to make up for increasing expenditure of all kinds we will slowly be driven into a higher appreciation of the rupee, further grinding down of the masses and that is a thing which no Indian, Sir, who has taken the slightest trouble to understand the problem would even think of with equanimity. I have only one word more to say regarding a query put by my Honourable friend Diwan Chaman Lal in connection with the rate of 2s. 10d. that prevailed for a short while in 1920. He asked the question why the Bombay mills did not suffer when the exchange rate was over 2s.?

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): They made money.

**Sir Purshotamdas Thakurdas**: Although the ruling rate in 1920 was 2s., and over, owing to paucity of stocks of piece-goods, etc., here, all manufacturing concerns, not only cotton mills, were practically coining money. If they were not coining money, they were coining gold. If they were not coining gold, they were coining diamonds in some cases. There was no question then, Sir, of the ratio, of the exchange. If in 1920 the Babington Smith Committee had been a little less greedy and a little more discreet they might have got through 1s. 6d. But there is a God above. England became greedy. The 2s. failed. The Government have now learnt wisdom. They now want to give us promotion step by step. I hope no Indian will agree to a course which has no precedent in any other country and which every economist of the past century has run down in terms which I need hardly repeat. I therefore strongly support that the Bill be taken into consideration and I hope that when the amendment comes up the House will vote for 1s. 4d.

**Mr. Arthur Moore** (Bengal: European): As I listened to the extremely interesting speech we have just heard and the very delightful discourse of the Honourable Baronet, I felt as if a sudden smoke screen had been interjected between my eyes and the clear light of economic truth. I should like, Sir, to try and dissipate some of these clouds. I was particularly amazed at the beginning of Sir Victor Sassoon's speech by the fact that he claimed the authority of Mr. Maynard Keynes for the 1s. 4d. rupee. Now Sir, that is entirely contrary to the facts. I refer any Member to the evidence of Mr. Maynard Keynes before the Royal Commission. I am quite sure that my recollection is accurate. Mr. Maynard Keynes said that he strongly advised the Commission to do nothing at all, not to stabilise the rupee in terms of gold at present but to carry on the very policy which the Finance Member has been carrying on for the last five years; that is to say, to maintain a stable level of internal prices as far as possible. I appeal to Sir Purshotamdas Thakurdas who himself interrogated the witness in London whether I am not right in saying that when Sir Purshotamdas tried to pin Mr. Maynard Keynes to the proposition that if a major Indian crop failed in the monsoon he would be justified in lowering the ratio, Mr. Keynes would not accept

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that proposition. All that he would commit himself to was that the Government, or whatever authority managed the currency, should be prepared to move the ratio either a penny or a half-penny, but not more, either way for a rise or fall of 10 per cent. in world prices. That was the evidence of Mr. Maynard Keynes. Therefore I hope that Members will not run away with the impression that he is in favour of a 1s. 4d. rupee. Now, Sir, what was the further point which enabled Sir Victor Sassoon to bring in the name of Mr. Keynes? He quoted from a pamphlet called "Economic Consequences of Mr. Churchill", and in that Mr. Keynes criticises the British return to the gold standard as premature, and claims that it was one of the causes of the coal strike. Well, Sir, I am for a 1s. 6d. rupee. (An inaudible interruption was made by Sir Victor Sassoon.) I did not interrupt the Honourable Member during his speech and I was sorry to see that he interrupted Dr. Macphail continuously, and if he interrupts me in my speech I shall deal with him. The point of Mr. Keynes was this, that the return to a gold standard was premature. Now, Sir, I am prepared to accept that dictum for the very reason which makes me accept 1s. 6d. in India. The Finance Member is proposing to return to 1s. 6d.—that is to say, to stabilise at 1s. 6d. in terms of gold—after actual stability has been attained, whereas what was done in England was that they returned to pre-war gold parity before stability had been attained, and forced it from a lower figure. Therefore, I accept the dictum of Mr. Keynes. But Sir, Sir Victor Sassoon as a 1s. 4d. man would naturally not accept that dictum. He represents a very important financial house which has very properly very important interests to protect. And I say that the very same reasons which make that financial house and Sir Victor Sassoon supporters of the 1s. 4d. rupee in India make them support in England the appreciation of the pound. Therefore I say that you are asked in this House to regard this return to the gold standard as a bad policy, whereas actually it is a policy which the Honourable Baronet and his firm must inevitably support and, I am quite sure, did actively support. So you have been asked to accept something as the Honourable Member's view which is in my opinion entirely contrary to his real position.

Now, Sir, if we try to clear away all these misconceptions and look at this question in its simplest light, I think we ought first to examine what is the common ground on both sides. Well, Sir, I think the common ground is that this is a battle of prices. Unless it is a battle of prices it has no other meaning at all. The proposition put forward by one side of the House is this, that prices are at present adjusted to a 1s. 4d. rupee, or more or less adjusted to a 1s. 4d. rupee, but they have not adjusted themselves to a 1s. 6d. rupee, and therefore the Government ought to bring the rupee down to 1s. 4d. which is its proper level in relation to prices. Well, Sir, that again is a proposition which I can easily prove to be totally contrary to facts. It sounds all right, because it is true that in this country we are accustomed to the fact that a fall in prices internally corresponds to a rising sterling exchange. As the rupee goes up prices come down. That certainly is the ordinary working of the economic law. But surely we must take account of the fact that we are not dealing with that case at all. The working of the economic law was entirely suspended and transcended by another set of factors which intervened in the Great War, and you have this

curious result, that high prices were reached in India not with a low exchange at all but with a rising exchange. The highest point of living, when I think the Calcutta figure reached 206, was reached in the very year, 1920, when the rupee reached its highest average. The average for 1920 was two shillings and a fraction, and that was the very year at which we reached the highest prices. So that high prices in India and the present wages in Bombay, which are I think Rs. 80-12 on an average,—all these were reached under a rising rupee, and the highest price was reached with the rupee at its highest point. That is a very curious factor, and it entirely destroys the basis of the suggestion that prices are actually accommodated to the 1s. 4d. rupee. They are accommodated to nothing of the kind. So we get back to the fact that it is a pure battle of prices. I think there is one further point of agreement between both sides of the House, and that is that when you get your ratio adjusted and stabilised in gold, after a certain time—there will be no agreement about the time, for some will say it will happen soon while others will claim that there is a great lag—but I think both sides of the House will agree that ultimately in the long run internal prices must adjust themselves to your ratio. And when that is reached, although a great many people will have suffered in between and some will have made fortunes, it will no longer matter.

Sir, we reach this conclusion, that it suits some people to have a period of instability and move from one ratio to another. In that period

some people will gain, and some people will lose; that is a necessary corollary. We have got to consider who those people are. Those who advocate 1s. 4d. tell us that the people who stand to gain by this period of unrest are the majority of the people. (*Cries of "No."*) Honourable Members say "No." but surely if you admit that in the end it makes no difference, the only virtue of the one and four-penny rupee lies in the interval before it is reached. Is not that so, Sir? The only virtue lies in this period of instability? (*Sir Purshotamdas Thakurdas: "How long is it?"*) That is important. (*Sir Purshotamdas Thakurdas: "That is most important."*) Sir, I have examined the arguments of the other side with the greatest will to understand them. But I found in them all a curious boomerang quality which makes them return to strike the user of them. The Honourable Member asked me how long would be the interval. I do not know what answer he wants. (*Sir Purshotamdas Thakurdas: "You have made up your mind."*) We have been told first that it will bring an immediate benefit of a 12 per cent. rise in agricultural prices. We are told by the same people that the lag is so great that the actual rise in the cost of living will be very small. I am quite prepared to accept the statement that the lag is considerable but I would point out this. You cannot on the one hand say that there will be no dislocation, trade will not be interrupted, everything will go on as before—you cannot do that on the one hand and on the other come forward and say that there is a tremendous lag, such a lag that there will be no rise, no immediate rise in prices. (*Sir Purshotamdas Thakurdas: "That is what we maintained."*) I admit that if you maintain that you are living in a totally different world from that in which I live. I am trying to bring the House back to reality. Some Honourable Members still live in a world of their own. They say, "It would benefit exporters to have a 1s. 4d.

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rupee and injure importers'', and yet we have Mr. Birla and Sir Victor Sassoon coming forward to tell us that although it is going to hit the importer, nevertheless it is not going to hit the imports, that the customs receipts are to be the same as before. (*Sir Purshotamdas Thakurdas*: "Because the buying power of the country will be increased; don't you see that is the whole point?") The whole idea of the Currency League—as I have seen it and as they expressly state it,—is that 1s. 4d. is good for exporters, and 1s. 6d. is good for importers, and hits the exporter against the importer. Yet we are asked to believe that the Finance Member will get the same amount of customs receipts from imports as he would have got if we maintained the ratio at 1s. 6d.

Now, Sir, let us examine the main basis of this desire to depreciate the rupee. Let us try and get before our minds exactly what happens. Let us suppose that there is a speculator in Bombay who has one crore of rupees to handle. Now what does that mean? That means that he has control over the goods and services, the labour, of Indians of all sorts to the extent of one crore of rupees. He can make them work for him, he can command their goods and services to that extent. Well, Sir, he exchanges that crore with somebody in London for English money. At the present rate of exchange he will get £750,000. What does that mean? It means that he has resigned his claims to the goods and services of Indians and he has acquired a claim to the goods and services of Englishmen, houses and lands and so forth, and whatever he wants in England. That is what the present ratio gives him. Now, Sir, it suits that speculator to depreciate the value of Indian labour, to depreciate the value of Indian goods, to depreciate the value of the goods of his own country. As soon as he has forced the rupee down to 1s. 4d., instead of using his money in England, he sends it back. So we find that instead of a crore, he gets 1 crore and 12½ lakhs—because the rupee has been fixed at 1s. 4d. That means that he has now increased his hold upon the goods and services of Indians. He can make them work for him to the extent represented not by one crore but to the extent represented by 1 crore and 12½ lakhs. If he were to wait till the end of this long lag, it is quite true that the rupee having depreciated, he would, for his one crore and 12½ lakhs, get no more goods and services than what he originally got for a crore, but in the interval of the whole process of readjustment, he is going to get a very great deal more for his money. During the period after the war it was my fortune to travel about in a good many countries with dislocated exchanges and I had the whole process of what is happening forced upon my attention. I saw, in countries where the people were being ruined, speculators at work trying to force down the exchange of their own country in order that they should do exactly what I have described to you. If the House will bear with me, I will tell you a short incident which happened to myself. I travelled with my wife to Soviet Russia. We crossed the Persian frontier and we travelled in a covered goods wagon—which was all that we could get from that Government.—We had it fitted up, and we travelled to Tiflis, and we had the best of everything that was going, that is to say we went to restaurants, and to the ballet and we did everything we wanted to. We went on to Batoum, and finally we left Russia. We spent three weeks in all. Well, Sir, I was getting 800,000 roubles for the pound, and I spent in those three weeks 8 million



roubles. The people that I paid were paid enormous sums in comparison with the pre-war standard when the rouble was worth two shillings, but they were actually starving. I was getting their goods and services for three weeks for the sum of ten pounds! That is to say my wife and myself took that labour and had their goods for a sum of £10. Well, Sir, it was frankly a steal. I had also a friend who went to stay in Vienna with his wife about four years ago when the exchange was in a chaotic condition. He brought a large amount of Austrian exchange, and they had a thoroughly good holiday and everything they wanted, and at the end of it, he had a certain amount of Austrian exchange left over. There was then a sharp recovery in Austrian exchange and he sold it again, so that when he came home not only had he had a holiday for nothing but he had made a little. Now, Sir, that means that he made Austria work for him. Honourable Members may say what they like; they may cover it up; they may do what they like. But they cannot get away from the fact that that is what happens when you depreciate your exchange and during instability. They are making their own country to a certain extent the slave of another country. They are cheapening its labour and cheapening its goods in the markets abroad. I ask how that can be good for the whole country. Clearly we must agree that it cannot be good for the whole country.

Now, then, we will ask how can it be good for particular classes. I fully understand the right of particular classes to come forward frankly and represent their interests properly. I can understand the position of Mr. Chalmers who represents the tea industry if he says "I represent tea planters; we are exporters in competition with foreign countries and for a time during the process of instability we will make a bit out of it." That is a proposition to put. I understand the position of the jute merchant who says "I happen to have a monopoly crop; I can get my price and therefore actually the ratio does not matter to me. What I do want is stability to make forward contracts. Therefore I am in favour of 1s. 6d." That seems to me to be a very proper position. I can understand the position of the European who says "I remit money home and I would very much like to see exchange remain at 1s. 6d." We had a reference to that position to-day. I am perfectly certain that that was not a consideration that was present in the minds of the Commission and I am equally certain that that was not a consideration that was present in the minds of the Government. But I know enough of human nature to know that any European, who has charges at home, would prefer not to suffer during a period of instability and would like to continue to have a 1s. 6d. rupee. It is perfectly true, again, that when the whole thing has been evened out, when we get back stability, the European would have to get a higher salary or his profits would be altered, and there would be no difference at all to him. But it is important to him that there should not be a period when he will lose. I understand the feeling of the European. But, Sir, what I do not understand is why nobody in this House represents cotton. Not a word has been said for cotton. I did not hear the Honourable Member say anything about cotton. I am told that in this matter it is the interest of the ryot that is being represented, but not the interests of cotton. I quite agree that the Honourable Member put forward his views very clearly before the Commission. As regards the cultivator, I have already shown that the present prices have no connection with a 1s. 4d. rupee, that we have had a period of falling prices, and that the highest point in prices and the highest point in wages was reached under

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the 2-shilling rupee. That proves that those wages are quite independent of the 1s. 4d. rupee, and that they were attained for the same reason that they were attained in practically every country after the War, owing to the fact that people since the War put a higher value on the services and insist on a higher standard of life. Once you have reached that standard, it is extremely difficult to get it down. Sir Purshotamdas Thakurdas told us that his heart was heavy for the ryot. I am very glad of his humanitarian feelings. I would ask him at the same time to look a little nearer home at the *busthies* of Bombay, and decide for himself whether he thinks that it is an appropriate thing to reduce the real wages of Bombay workers.

**Sir Purshotamdas Thakurdas:** They are going to be ultimately reduced with 1s. 6d. They cannot be the same as at 1s. 4d. or under. They must be adjusted to the higher ratio.

**Mr. Arthur Moore:** I am very sorry to hear that.

There was another point as regards these grains of gold. It is quite true that if you depreciate the value of the rupee in grains of gold, you do depreciate the value of rupee loans and the Honourable Member claims that that would be an advantage to Government. But I would point out to you that it is only in the last two or three years, 3 years I think, that we have not had external borrowings. We are now consistently borrowing in rupees, and are we asked to shake the confidence of India by telling all those who lent rupees to Government, that we are prepared to depreciate the rupee? It is curious that Sir Purshotamdas Thakurdas did not touch on the sanctity of contracts to-day. We have heard the argument that 1s. 4d. rupee is the rate which will not increase the agricultural debt. But what about the sanctity of contracts? Sir Purshotamdas comes forward this afternoon and says it does not matter what the rupee is, even though people lent their rupees to Government at 1s. 6d., because it happens on this occasion that Government will thereby get rid of a certain amount of debt. That is a disastrous process. It was certainly the way that Germany dealt with her internal debt after the War but she ruined a vast number of her own people and the actual wealth of the country to a very large extent changed hands. Is that the process that we are inviting?

**Sir Purshotamdas Thakurdas:** That is what you did in 1898 when you fixed the rupee at 1s. 4d.

**Mr. Arthur Moore:** We are asked not only to depreciate rupee investments, we are also asked to depreciate the silver savings of India. The unfortunate people who have their silver savings in India have been suffering continual depreciation. We are now asked to depreciate those savings further.

**Sir Purshotamdas Thakurdas:** By 1s. 4d.? Do you depreciate them further by 1s. 4d.?

**Mr. Arthur Moore:** Certainly.

**Sir Purshotamdas Thakurdas:** Go ahead please, full steam.

**Mr. Arthur Moore:** The estimate is, I think, 100 crores of hoarded rupees. It is surely perfectly obvious that if you depreciate the value of

the rupee you depreciate the savings of everybody whose savings are in rupee coin. The Honourable Member's intellect is equal to understanding that.

**Sir Purshotamdas Thakurdas:** Go ahead. We will judge about the intellect a little later.

**Mr. Arthur Moore:** I will continue the question of debt. Pandit Madan Mohan Malaviya made out a very strong denunciation on this question. There is nobody for whose intellectual honesty I have greater respect than Pandit Madan Mohan Malaviya. I would ask him, instead of reading a verbose denunciation by somebody else on this question, to apply his own intellect to the actual process that happens. I would ask him whether when people borrowed money at 1s. 4d. and when the cost of living was, say, at 100 points and they are now asked to repay when the cost of living is 150, will the debt they borrowed be repaid really in goods and services if they only repay 1s. 4d. I will put the question in this way. Let us suppose that 20 years ago Pandit Malaviya and I met at a telegraph office somewhere in India and I wanted to send a telegram. I had no money on me and so I borrowed Rs. 1-8-0 from Pandit Malaviya and I sent my telegram and forgot all about it. Supposing to-day he accosted me in the lobby and reminded me about it. If I produced Rs. 1-8-0, I would be discharging the contract, unwritten if you like; but would I be repaying the debt? Would the Pandit be able to get for that Rs. 1-8-0 to-day more than one rupee's worth of what he would have got 20 years ago? Would he be able to send such a lengthy telegram as I sent 20 years ago? Obviously he would not. (*An Honourable Member:* "Rates were much cheaper then.")

Well, Sir, I have tried to show the bare bones of what happens in this exchange of goods and services. I do not wish to quote authorities, but there is one name which I should like to mention, because I hope that Honourable Members opposite will listen to him with respect. In the beginning of this session they very properly, from their point of view, put forward a plea to have Mr. S. C. Mitra in this House. Mr. S. C. Mitra is not with us; but we have his views. He is absent, but he speaks. Members claimed that he should be here on this momentous occasion; he is not here, but I will read his views which are these:

"My views about the coming currency legislation are not in agreement with those of the Bombay capitalists. The real interests of the ryots will suffer at a lower rate of exchange, and I agree with Mr. Chaudhry that the interests of the capitalists and the general public are at variance in this particular case. But unfortunately nobody in Bengal has paid any attention to this aspect, while the financiers of Bombay, are misleading public opinion."

Well, Sir, that is the opinion of Mr. S. C. Mitra . . .

**Mr. Jamnadas M. Mehta:** I suppose you are his follower.

**Sir Purshotamdas Thakurdas:** You accept his opinion whenever it suits you.

**Mr. Arthur Moore:** Quite so: I should not quote him if I did not agree with him.

Sir, when I hear the music of Bombay and I am told that wonderful things can be done by this 2d., that we are to have a paradise from this two-pence coloured, I am reminded of the story of the wicked rich man who died, and after his death, presented himself at Heaven's gate.

He was asked what good deeds he had done to justify admission, and after considerable ransacking of his memory he said that he had once given two pence to a poor man. The entry was looked up by the recording

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angel and found correct, but it seemed an inadequate deed to procure admission. So the matter was referred to a Select Committee of Archangels, just as might happen in this House. The Committee decided against the claim, and St. Peter was told to repay him and send him away. So St. Peter produced the money and said to the rich man "Take your tuppence and go to Hell." Perhaps it might be more Parliamentary, Sir, if I said "to the other place." Sir, when I hear the music of Bornhay and the wonders to be done by knocking tuppence off the rupee I am sometimes moved to think that the Finance Member might use the phrase attributed to the Saint in the story. But I do not think the Honourable Member will do so, because he is now bringing to an end a certain work. Sir, I remember that two or three nights before the Honourable Member first sailed for India in December 1922, I was present at a very small dinner party of six including himself, and I was extremely interested on that occasion to try, if I could, to penetrate his mind and purpose on the eve of going out to India at a time when the finances of this country were in a deplorable condition. I went home that night feeling that I had gauged his purpose and I formed a certain opinion, which I have never changed. I came to the conclusion that the Finance Member had marked out his own part in the carrying out of that famous Proclamation of August 1917, which held out a prospect of a far larger measure of self-government to this country. He had marked out for himself as his own part in that great work. to try to give India a larger share of financial autonomy. Sir, the control of London I think was often extremely valuable in the last century, but I do not think that any one who reads the records of this country, i.e., of the last 25 years, can come to any other conclusion than that the interference of Whitehall with the Finance Member for India has been disastrous. If I may put in a phrase what I judge to be Sir Basil Blackett's policy it is this "the Secretary of State must decrease, and the Finance Member must increase." This year the Finance Member brings before us in these three Bills what is really a tremendous measure of financial autonomy. For the first time, the currency of India is to be entirely free of control from London, and the currency of India is also to be free of the control of Government. If, Sir, this House rejects that measure, if we prefer to say "No, not yet; we want a little gamble; we want to see some money changing hands, we want to see the richer richer and the poorer poorer,"—if we decide to do that, then I think that we should convict ourselves of incurable levity, and that we shall be doing an injury to the cause we have at heart.

**Mr. President:** Before we proceed further, I should really like to ascertain the opinion of this House on one question. All sections of the House are agreed, so far as I could see, that the Bill should be taken into consideration. If I am correct in this, I should like to ask Honourable Members whether it is really worth while, when all parties are agreed, that they should go on discussing this motion any further. There will be ample opportunity for Honourable Members to speak on particular amendments which will come up later on. But I am entirely in the hands of the House. If there was a desire on the part of Honourable Members to continue the discussion, I was quite willing to do so, but I thought it was my duty to make the suggestion in the interests of the debate.

**Mr. M. A. Jinnah:** Speaking on behalf of my group. Sir, I am perfectly willing that the Bill should be taken into consideration. We are certainly in favour of this motion. Whatever may be our views with regard to the

several amendments, I am certainly of the opinion that no further time should be lost in discussing the motion that the Bill be taken into consideration.

**The Honourable Sir Basil Blackett:** I should be very glad to waive my right of reply:

**The Honourable Sir Alexander Muddiman** (Home Member): On that question, the closure may be put.

**Mr. President:** I should like to know the views of the Swaraj Party.

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban): I also think that it would be better, if we have to speak on the amendments at length, if we do not proceed with our discussion on this motion. Of course, several Honourable Members have not yet spoken, and it may be necessary that they should speak at some length, of course quite relevantly upon these amendments also.

**Mr. President:** The Honourable Member must know that there is no time limit for speeches on Bills.

**Mr. S. Srinivasa Iyengar:** Therefore, Sir, I certainly agree to the course just proposed, because it will make the debate more relevant.

**Mr. M. R. Jayakar** (Bombay City: Non-Muhammadan Urban): We also agree to the same course, Sir.

**The Honourable Sir Basil Blackett:** I prefer to waive my right of reply in these circumstances.

**Mr. President:** The question is:

“That the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, be taken into consideration.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 8th March, 1927.



# LEGISLATIVE ASSEMBLY.

*Tuesday, 8th March, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### EARLY RELEASE ON MEDICAL GROUNDS OF BABU JIBAN LAL CHATTERJI, A POLITICAL DETENU.

761. **\*Mr. Nirmal Chunder Chunder:** 1. Will Government be pleased to state whether Babu Jiban Lal Chatterji arrested under Regulation III of 1818 is suffering from tuberculosis? If so, when was the existence of tubercle in him first discovered?

2. Was he removed from the Dacca Jail to the Suri Jail? If so, when?

3. Is it a fact that in the Suri Jail all tubercular patients are kept in the same ward? During Sj. Jiban Lal Chatterji's confinement how many tubercular patients were kept in the same ward with him?

4. Is it a fact that he has been removed from the jail and kept in a place outside the jail? If so, what arrangements have the Government made for personal attendance on him and for his food?

5. Is it a fact that his brother has been asked to stay with and look after him? If so, will Government be pleased to state what allowance, if any, is being paid to the brother?

6. Have Government any objection to remove him to a sanitarium or a seaside town?

7. What is the present status of Sj. Jiban Lal Chatterji? Is he a Regulation III prisoner or an Ordinance prisoner? Is any allowance being paid to any of his dependants? If so, how much to each?

8. What arrangement has been made for his treatment?

9. Do Government contemplate an early release of Sj. Jiban Lal Chatterji on medical grounds?

**The Honourable Sir Alexander Muddiman:** With your permission, Sir, I propose to reply to the question in a single statement:

Babu Jiban Lal Chatterji is suffering from tuberculosis. This diagnosis was made at the end of December or beginning of January last. As it was deemed expedient to transfer him to a drier climate he was removed on the 27th January from the Dacca to the Suri Jail, where there are special arrangements for the accommodation and treatment of tuberculosis patients. I am not aware whether he was kept in the same ward as other tuberculosis patients. Soon after his arrival he was removed from the confines of the jail and placed in the custody of the District Magistrate, but in the care

of his relatives, who were given facilities for arranging for personal attendance and food. I have no information as to which of his relations have taken charge of him. The Government are considering what further action is called for on medical grounds.

Babu Jiban Lal Chatterji is a State prisoner under Regulation III of 1818. While so restrained an allowance of Rs. 40 a month has been sanctioned for the maintenance of his family; grants of Rs. 35 and Rs. 80 were in March and October 1926 also allowed to meet expenditure in connection with the illness of his sister and step-mother.

**Pandit Motilal Nehru:** Will the Honourable the Home Member kindly inform the House if the Government have reached any conclusions as a result of the communications that are going on between the Government of India and the Bengal Government as to the release of the other detenus?

**The Honourable Sir Alexander Muddiman:** I am not in a position to make any other statement than I made to my Honourable friend the other day.

#### ABOLITION OF THE LOWER EFFICIENCY BAR EXAMINATION FOR UPPER DIVISION CLERKS OF POSTAL ACCOUNT OFFICES.

762. **\*Mr. Nirmal Chunder Chunder:** 1. Is it a fact that on the introduction of time scale of pay in the year 1919, in the Postal Account Offices under the Accountant General, Posts and Telegraphs, a lower efficiency bar examination has been introduced for the upper division clerks?

2. Is it a fact that no such examination exists in any civil Account offices in India including Burma?

3. Is it a fact that in Postal Account and Audit Offices, unless one passes this efficiency bar examination one can not get a lift above Rs. 110?

4. Is it a fact that such efficiency bar examination does not exist in the office of the Accountant General, Posts and Telegraphs, although it exists in his subordinate offices?

5. Is it a fact that the All-India Civil and Postal Account Offices conference has been passing resolutions year after year for the abolition of this examination?

6. Do Government propose to do away with this examination in the Postal Account Offices? If not, why not?

**The Honourable Sir Basil Blackett:** Enquiries are being made and a reply will be sent to the Honourable Member in due course.

#### PROVISION OF SUITABLE FAMILY QUARTERS FOR POSTMEN.

763. **\*Mr. Nirmal Chunder Chunder:** 1. Are Government aware that a conference of Indian postmen and lower grade staff was held at Aligarh on the 8th, 9th and 10th January, 1927, and certain resolutions were passed thereat?

2. Has the attention of the Government been drawn to resolution No. 5 of the conference mentioned in the previous questions asking for a scheme for providing suitable family quarters to each postman and member of the lower grade staff?

3. Will the Government be pleased to state whether (i) such a scheme is being passed and (ii) if so, what progress has been made thereanent, and (iii) whether any temporary relief will be granted to this very useful body of public servants?



**The Honourable Sir Bhupendra Nath Mitra:** 1. Government were informed that the annual Conference of the All-India Postmen's Union would take place on the dates mentioned. Government have no further information.

2. No.

3. The question of provision of accommodation for postmen and lower grade staff is already receiving the attention of Government.

#### PROMOTION OF POSTMEN TO THE CLERICAL CADRE

764. **\*Mr. Nirmal Chunder Chunder:** (a) Has the attention of the Government been drawn to Resolution No. 6, passed at the conference of Indian postmen and lower grade staff held at Aligarh on the 8th, 9th and 10th January, 1927?

(b) Will the Government be pleased to state whether any and what steps are being taken to improve the prospects of the postmen with a view to enable them to be promoted to the posts of clerks?

(c) Will the Government be pleased to state if it is willing to restrict recruitment of outsiders in the clerical cadre so as to give preference to suitable candidates amongst postmen in service for appointments in such cadre?

**Sir Ganen Roy:** (a) No.

(b) The prospects of postmen for promotion to clerkships have been recently improved by the reduction from 10 to 5 years of the period of approved service required to be rendered by them prior to appearance for the clerical examination.

(c) The matter is under consideration.

#### PAY OF POSTMEN APPOINTED AS CLERKS.

765. **\*Mr. Nirmal Chunder Chunder:** (a) Will the Government kindly state if it is a fact that the postmen acting or officiating in places of clerks drawing salaries say of Rs. 70 or Rs. 80 per mensem are allowed only Rs. 7-8-0 per mensem each as acting allowance?

(b) Have the Government any objection to allow such postmen to act or officiate as aforesaid on the same pay as that of the permanent incumbent, during the time they so act or officiate?

**Sir Ganen Roy:** (a) No.

(b) There is no question of Government objecting. Under Fundamental Rule 32 a postman officiating as a clerk gets the pay of a clerk.

#### UNIFORMS OF POSTMEN, OVERSEERS AND READER POSTMEN.

766. **\*Mr. Nirmal Chunder Chunder:** (a) Has the attention of Government been drawn to resolution No. 10 of the conference mentioned in the previous question?

(b) Will the Government be pleased to state whether it is prepared to direct that all postmen, overseers and reader postmen should be supplied with uniforms of the same stuff, make and finish throughout India the distinction between them being marked only by different badges?

**Sir Ganen Roy:** (a) No copy of the resolution has yet been forwarded to me formally, though I have seen in the newspapers accounts of the proceedings of the conference.

(b) The uniforms supplied to the classes mentioned are at present made of the same materials, which are obtained through the Indian Stores Department. A proposal for centralising and standardizing the pattern of such uniforms is under consideration.

#### ACTION TAKEN BY GOVERNMENT ON RESOLUTION NO. 12 OF THE CONFERENCE OF INDIAN POSTMEN.

767. **\*Mr. Nirmal Chunder Chunder:** Has the attention of Government been drawn to resolution No. 12 of the conference mentioned in the previous question and will the Government be pleased to state if any and what action is being taken thereon?

**Sir Ganen Roy:** The reply to the first part of the question is in the negative. The second part does not arise.

#### ALLOWANCE TO POSTMEN FOR ADDITIONAL WORK IN CONNECTION WITH THE INCOMING FOREIGN MAILS.

768. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether a postman gets any allowance for doing additional work in connection with the incoming foreign mails and if not, whether Government is prepared to give him such allowance?

**Sir Ganen Roy:** The Honourable Member's attention is invited to the remarks appearing against item 3(f) of Part I of the Statement which was laid on the table of the Legislative Assembly on the 4th March 1926. Since then Lucknow has been added to the list of places. The case of any place in respect of which a representation on the subject is received is considered on its merits.

#### INCREMENTS OF POSTMEN OF THE HOWRAH AND ALIPORE HEAD OFFICES.

769. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state if it is a fact that the postmen of Howrah and Alipore Head Offices were allowed increment only at the 2nd Class head office rate and not at the Calcutta General Post Office rate?

**Sir Ganen Roy:** The increment allowed to the postmen of Howrah and Alipore Head Offices from 1st December 1919 was higher than the 2nd class head office rate but lower than the Calcutta General Post Office rate. From 1st March 1926, however, the Calcutta rate has been extended to the postmen of Howrah and Alipore.

#### COUNTING BY POSTMEN OF ACTING OR TEMPORARY SERVICE TOWARDS PAY, PENSION, ETC.

770. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state if any and what discrimination is made between clerks in the postal service and the postmen in the matter of counting their acting or temporary service towards their pay, pension, etc.?

**Sir Ganen Roy:** No discrimination is made.

LEAVE RESERVE FOR POSTMEN.

771. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether there is any leave reserve for post offices where the number of postmen does not exceed four? If not, are Government prepared to provide adequate leave reserve?

**Sir Ganen Roy:** The answer to the first part of the question is in the negative. The provision of a leave reserve is not necessary, as probationary postmen (if any) or inferior servants, such as mail peons, letter-box peons and packers, are appointed in the leave vacancies of postmen.

REDUCTION OF THE PAY OF CASH OVERSEERS IN THE POSTAL SERVICE.

772. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the pay of cash overseers in the postal service has recently been reduced at some stations? If so, will the Government be pleased to state the reasons?

**Sir Ganen Roy:** Through a misunderstanding of certain Government orders a number of overseers were allowed for some time to draw a higher scale of pay than they were intended to draw. The mistake was discovered and orders necessary to prevent its perpetuation were issued on the 24th March 1924.

Those holding posts of overseers permanently on that date have been protected against loss of emoluments but those confirmed as overseers subsequently have been restricted to the correct and lower scale of pay with effect from the same date.

REPLACEMENT BY CLERKS OF THE READER POSTMEN AT THE DELHI HEAD OFFICE.

773. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the reader postmen at the Delhi Head Office have been replaced by clerks and the reasons therefor?

**Sir Ganen Roy:** The case is as stated. When the replacement was made it was considered that there was not continuous work of the kind with which reader (*i.e.*, sorting) postmen can be entrusted.

ADDITIONAL DUTIES PERFORMED BY VILLAGE POSTMEN IN THE PUNJAB.

774. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether in the Punjab the village postmen at some of the post offices have to visit the villages of their beat twice a week instead of once as heretofore and if so, will the Government be pleased to state whether any allowance is paid to them for this additional work?

**Sir Ganen Roy:** It is a fact that some villages are now visited by village postmen twice a week instead of once a week as before, as the result of improvements made in the postal facilities for rural areas. There is, however, no question of additional working being imposed on village postmen as increased facilities have been provided either by rearrangement of village postmen's beats or by the employment of additional village postmen.

**Mr. K. Ahmed:** Are the Government aware that in some sub-post offices in the villages, there is no postman in the post office to deliver letters and addressees have to call at the office to take delivery of their postcards, envelopes, parcels and other articles forwarded there? If so, do Government propose to take speedy steps to ameliorate the condition of the village people?

**Sir Ganen Roy:** Will the Honourable Member kindly give me the names of the post offices that he refers to?

**Mr. K. Ahmed:** Is the Honourable Member aware that in India there are certain village post offices called sub-post offices, small post offices in the rural districts, where there is no postman engaged? Shall I hand over to the Honourable Member a printed list from his Department, with which he is not yet familiar?

#### TRAVELLING ALLOWANCE OF OVERSEERS IN THE POSTAL SERVICE.

775. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether any travelling allowance is paid to an overseer in the postal service when he has to go out on inquiries to places situated at a long distance from his Headquarters and if not, why not?

**Sir Ganen Roy:** The Honourable Member is referred to the reply given by Sir Geoffrey Clarke to Mr. Amar Nath Dutt's starred questions Nos. 668 and 750 on the 3rd February 1925. It may be added that overseers are granted fixed monthly conveyance allowances when their jurisdictions are extensive.

#### PROMOTION OF INFERIOR POSTAL SERVANTS TO APPOINTMENTS OF POSTMEN.

776. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether it is prepared to restrict recruitment of postmen from outsiders so as to give candidates in the lower grade staff preference for such appointments?

**Sir Ganen Roy:** Government have no information that inferior servants of the Post Office who possess the necessary qualifications are not already given preference before outsiders in the filling of appointments of postmen. The attention of the officers concerned will be drawn to the matter.

#### TRANSLATION OF THE POST OFFICE MANUAL INTO THE PRINCIPAL VERNACULARS.

777. **\*Mr. Nirmal Chunder Chunder:** Will the Government be pleased to state whether the Post Office Manual has been translated into any and if so in what Indian vernaculars? Are Government prepared to consider the question of translating it into all the principal vernaculars and making copies of such translations available to postmen?

**Sir Ganen Roy:** The rules of the Post Office Manual intended for postmen and other officials who do not know English are translated into the principal vernaculars and copies of translations are made available to such officials.

#### TIME LIMIT FOR COMPLAINTS REGARDING NON-DELIVERY OF REGISTERED ARTICLES AND MONEY ORDERS.

778. **\*Mr. Nirmal Chunder Chunder:** (a) Will the Government be pleased to state whether there is a time limit within which complaints for non-delivery of registered articles and money orders have to be made?

(b) Is it a fact that in Calcutta Offices action has been taken against postmen on complaints made after the expiry of two or three years from the date of despatch or delivery of registered articles or from the date of issue or payment of money orders?

(c) Do Government propose to create a time-bar against such complaints?

**Sir Ganen Roy:** (a) Yes.

(b) Government is not aware of any such case.

(c) As stated in reply to (a), a time limit already exists.

TOTAL ADVANCES OF THE IMPERIAL BANK BEFORE THE BANK RATE  
WAS RAISED TO 7 PER CENT., ETC.

779. \***Sir Purshotamdas Thakurdas:** Will Government be pleased to obtain from the Imperial Bank the following figures, and place them on the table of the House:

(a) The total advances of the Imperial Bank before the Bank rate was raised to 7 per cent., and the total advances on corresponding dates, last three years?

(b) The total advances of the Imperial Bank on Government securities on dates mentioned in (a) above?

(c) Total advances of the Imperial Bank against British or foreign securities on the dates mentioned in (a) above?

**The Honourable Sir Basil Blackett:** The Honourable Member who is a member of the Central Board of the Imperial Bank will, I hope, recognise that the information asked for cannot be demanded by the Government from the Imperial Bank for purposes of publication.

**Sir Purshotamdas Thakurdas:** I fully recognise that, and I put that question with that knowledge; but I wish to ask whether when the Honourable the Finance Member contends here that the higher bank rate was justified under certain circumstances, this information is not necessary in order that the House may judge whether such circumstances have arisen?

**The Honourable Sir Basil Blackett:** In my opinion it is not necessary.

**Sir Purshotamdas Thakurdas:** How does the Honourable Member then expect this House to reconcile themselves to his contention that the conditions have changed this year from what they were in 1924?

**Mr. President:** The Honourable Member must address the question to Government and not to the Chair.

**Sir Purshotamdas Thakurdas:** How does the Honourable Member expect the House to be reconciled to his statement that the conditions today are different from what they were in 1924-25 when the Government of India wrote that letter to the Bengal Chamber of Commerce?

**The Honourable Sir Basil Blackett:** I believe that the Members of this House are in the habit of reading newspapers and are possessed of considerable intelligence in judging for themselves.

**Sir Purshotamdas Thakurdas:** The exercise of their intelligence does not warrant them to draw the conclusion that the Finance Member wants them to draw. May I put one more question, Sir? Can the Honourable Member give any other proof of his conclusion, Sir?

**The Honourable Sir Basil Blackett:** I do not propose to start a long speech on this point.

### THE DEFENCE FORCE ORDINANCE IN KENYA.

780. **\*Mr. Gaya Prasad Singh:** (a) Is it a fact that a Bill, named the Defence Force Ordinance, is pending in the Legislature of Kenya, which makes a provision for enrolment in the Defence Force on a conscript basis of all the male European residents of Kenya, who are above the age of 16, and who had been in the Colony for a month? And the necessity for such an enactment is ascribed to a possible native insurrection?

(b) Why have the Indian settlers in Kenya been excluded?

**Mr. J. W. Bhore:** (a) In regard to the first part the Honourable Member is referred to the provisions of the Bill as introduced which is available in the Library of the House. As regards the second part Government have no information.

(b) All non-Europeans including Indians are excluded from the purview of the Bill; Government are not aware of the reasons for the exclusion.

### METHOD OF DEALING WITH APPEALS, PETITIONS AND MEMORIALS ADDRESSED TO THE GOVERNOR GENERAL IN COUNCIL.

781. **\*Colonel J. D. Crawford:** Will the Government be pleased to describe the procedure they follow for the disposal of appeals, petitions and memorials addressed to the Governor General in Council, stating by whom these cases are considered and whether they are decided by a majority vote of His Excellency and His Excellency's Executive Council.

**The Honourable Sir Alexander Muddiman:** An appeal presented to the Governor General in Council under the Statutory Appeal Rules is referred, in the first instance, to the Public Service Commission for advice in regard to the orders to be passed on it. On receipt of the Commission's advice it is dealt with under the rules and orders made by the Governor General under section 40 (2) of the Government of India Act.

Memorials and petitions are dealt with under the rules and orders just mentioned. If the memorials are from an officer of an All-India or Central Service in regard to a service matter, the Governor General in Council may consult the Commission before passing orders.

### EMPLOYMENT BY SHIPS ENGAGED ON THE COASTING TRADE OF WIRELESS OPERATORS.

782. **\*Mr. Jamnadas M. Mehta:** Will Government be pleased to state if it is not a fact that ships of certain size plying on the coast of India are under an obligation to employ Marine Wireless Operators and that in view of the proposed amendments to the Wireless Telegraphy Rules such ships will have to carry a larger number of operators in the future?

**The Honourable Sir Charles Innes:** At present ships engaged in the coasting trade of India are generally exempted under the Indian Merchant Shipping Act from carrying a Wireless Telegraph equipment. But it is being considered whether this exemption should not be modified in future.

### PROVISION OF FACILITIES IN INDIA FOR TRAINING MARINE WIRELESS OPERATORS.

783. **\*Mr. Jamnadas M. Mehta:** (a) Will Government be pleased to state if any facilities exist in India for giving training in Marine Wireless

Telegraphy to enable those who receive the training to obtain the necessary certificate of competency as Marine Wireless Operators?

(b) If the reply to (a) be in the negative, will Government be pleased to state if they propose to take any steps for providing facilities for such training in this country?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Government has no official information regarding private establishments; arrangements are however being made to afford facilities for such training at the Government wireless training establishment at Calcutta and the fees are under consideration.

(b) Does not arise.

PROVISION BY THE ROYAL INDIAN MARINE OF FACILITIES FOR  
GAINING THE NECESSARY SEA EXPERIENCE TO PERSONS  
QUALIFIED AS MARINE WIRELESS OPERATORS.

784. **\*Mr. Jamnadas M. Mehta:** Will Government be pleased to state if the Royal Indian Marine will be prepared to give facilities for receiving the necessary sea experience to those who have received the certificate of competency as Marine Wireless Operators, to enable them to obtain the necessary grade certificate from the Government of India for handling the wireless instalment of ships of classes I and II?

**Mr. G. M. Young:** The answer is in the negative. The Wireless Telegraphy Rules permit operators to count previous experience in the Royal Navy or the Royal Indian Marine or in sea-planes of the Royal Air Force towards the total amount of experience at sea necessary to qualify them to act as commercial wireless operators in certain cases. But this concession is intended only to assist wireless operators who have gained their experience in one of the above forces and have subsequently retired from it. It was never intended, nor would it be feasible, for the Royal Indian Marine, any more than the Royal Navy or the Royal Air Force, to train wireless operators for a commercial career.

REVERSION OF RAI BAHADUR A. C. MUKHERJEE OF THE INDIAN  
EDUCATIONAL SERVICE IN THE UNITED PROVINCES FROM  
THE JUNIOR SELECTION GRADE.

785. **\*Mr. Dwarka Prasad Misra:**-(a) Has the attention of Government of India been drawn to the case of Rai Bahadur A. C. Mukherjee of the Indian Educational Service in the United Provinces, who after having been promoted to the junior selection grade, was reverted back two years after and his place given to an European member of the service?

(b) Is it a fact that the Secretary of State and the Government of India have put pressure upon the Educational Minister in the United Provinces in this matter?

(c) If so, do the Government promise not to interfere in future with the Transferred Departments?

**Mr. J. W. Bhore:** (a) Yes.

(b) No. In making their selection of an Indian Educational Service officer to the selection grade post, the Government of the United Provinces calculated the seniority of Rai Bahadur A. C. Mukherji on the basis

of his total service in the Provincial and Indian Educational Services. The Government of India intimated to the Government of the United Provinces that an officer's seniority in the Indian Educational Service should, in accordance with settled practice, be reckoned from the date of his appointment to the Indian Educational Service. The Government of India, upon whom rests the duty of seeing that the claims of members of the all-India Services are treated fairly and equitably, invited the Government of the United Provinces to reconsider the case in the light of their remarks and asked to be informed of the result. The Government of the United Provinces thereupon reconsidered and altered their previous orders.

(c) The Government of India are unable to make any such promise consistently with their responsibility for seeing that the claims of Members of the all-India services are treated fairly and equitably.

**Mr. A. Rangaswami Iyengar:** May I know, Sir, whether in regard to the appointment of Provincial Educational officers to the Indian Educational Service or to the promotion of Indian Educational Service officers, it is a question of seniority or of selection?

**Mr. J. W. Bhore:** I am very glad my Honourable friend has put me that question, because, it will enable me to remove what might possibly be a source of misapprehension. He is quite right in suggesting that in the case of appointment to the selection grade merit is the first criterion. As in the present case, however, where merit is equal, the only possible criterion must be seniority.

**Pandit Dwarka Prasad Misra:** Is the Honourable Member aware that the Educational Minister in the United Provinces in the course of his speech said that the Government of India had put pressure upon him in this matter?

**Mr. J. W. Bhore:** I am not responsible for what he said, Sir. I have stated the facts of the case, and the facts of the case are as stated by me.

**Mr. A. Rangaswami Iyengar:** Am I to understand that the United Provinces Government definitely reported to the Government of India that the merits of these two officers were exactly equal?

**Mr. J. W. Bhore:** Yes, Sir, there was no question of superior merit.

#### SEPARATION OF THE OUDH AND AGRA PROVINCES IN THE UNITED PROVINCES.

786. **\*Mr. Dwarka Prasad Misra:** Have Government a scheme under contemplation of separating Oudh and Agra Provinces in the United Provinces and joining the Hindi Districts of the Central Provinces with the Agra Province?

**The Honourable Sir Alexander Muddiman:** The answer is in the negative.

#### AMALGAMATION OF THE MEERUT DIVISION WITH THE DELHI PROVINCE.

787. **\*Mr. Dwarka Prasad Misra:** Have Government under contemplation a scheme of separating Meerut division from the United Provinces and amalgamating it with the Delhi Province?



**The Honourable Sir Alexander Muddiman:** The answer is in the negative.

PROGRESS MADE ON THE RAIPUR-VIZIANAGRAM RAILWAY.

788. **\*Mr. Dwarka Prasad Misra:** Will Government be pleased to state what progress has been made on the Raipur-Vizianagram line?

**Mr. A. A. L. Parsons:** The section from Vizianagram to Parvatipuram has been open for traffic since March, 1909. As regards the remaining section from Parvatipuram to Raipur, the Honourable Member is referred to the statement laid on the table in reply to Kumar Ganganand Sinha's question No. 166 on the same subject on 1st February, 1927.

DATE OF THE COMPLETION OF THE VIZAGAPATAM HARBOUR.

789. **\*Mr. Dwarka Prasad Misra:** (a) Will Government be pleased to state when the Vizagapatam Harbour will be ready for use?

(b) What has been its total cost up to this time?

**Mr. A. A. L. Parsons:** (a) It is hoped that it will be possible to berth ships in the new harbour in about four years' time.

(b) About Rs. 67.44 lakhs had been spent on the construction of the harbour up to 30th November, 1926.

RELATION OF THE PROPOSED INDIAN NAVY TO THE BRITISH NAVY.

790. **\*Mr. Dwarka Prasad Misra:** Will Government be pleased to state what the relation of the proposed Indian Navy will be to the British Navy in general?

**Mr. G. M. Young:** The Royal Indian Navy, like the Dominion Navies, will be independent of the Royal Navy, but it is intended to maintain close co-operation between the Royal Indian Navy and the East Indies Squadron of His Majesty's Navy. The Honourable Member's attention is invited to paragraph 13 of the Royal Indian Marine Departmental Committee's report.

PREVENTION BY THE BRITISH COLONIAL OFFICE OF THE PUBLICATION OF THE FIJI DEPUTATION REPORT.

791. **\*Mr. Dwarka Prasad Misra:** (a) Will Government be pleased to state if it is a fact that the British Colonial Office has prevented the publication of the Fiji report?

(b) If so, did the Government of India protest against this interference?

(c) If not, why not?

**Mr. J. W. Bhore:** I would invite the attention of the Honourable Member to the reply given by me to Mr. Gaya Prasad Singh's question No. 245 and to the supplementary questions asked in connection with it. I can add nothing to what I said then.

PUBLICATION OF THE COTTON TEXTILE TARIFF BOARD'S REPORT.

792. **\*Mr. Dwarka Prasad Misra:** Will Government be pleased to state (a) when the report of the Textile Tariff Board will be out, and (b) whether

any legislation will be introduced this Session for the relief of the Textile Industry?

**The Honourable Sir Charles Innes:** (a) and (b). I would refer the Honourable Member to the replies given in this House on the 25th February, 1927, to somewhat similar questions by Sir Victor Sassoon and Mr. Ghanshyam Das Birla.

SALE OF CERTAIN GOVERNMENT LAND TO NAWAB AHMED NAWAZ  
KHAN OF DEHRA ISMAIL KHAN.

793. **\*Mr. Ram Narayan Singh:** (1) Is it a fact that the Government have sold to Nawab Ahmad Nawaz Khan of Dera Ismail Khan about 24,000 odd Kanals of land in Rakh Bibi Wana in Dehra Ismail Khan District at about Rs. 8 per acre?

(2) Why was not the land put up to public auction?

**Mr. E. B. Howell:** (1) Yes, Sir.

(2) The land was sold at full market value under paragraph 7 of the rules in appendix IV to the Punjab Land Administration Manual which are followed in the North-West Frontier Province.

INCLUSION OF PERSIAN AS A COMPULSORY SUBJECT IN THE FOURTH  
PRIMARY CLASS IN THE NORTH-WEST FRONTIER PROVINCE.

794. **\*Mr. Ram Narayan Singh:** Is it a fact that Mr. Guyer, Principal, Church Mission High School, Dehra Ismail Khan, vehemently protested against the proposal of the Educational Conference held at Peshawar in December last making Persian a compulsory subject in the 4th Primary in the teeth of the Hindu opposition? Do Government propose to direct the Frontier Government to prescribe Hindi as well as a compulsory subject for the Hindu students in the fourth Primary?

**Mr. J. W. Bhore:** Mr. Guyer opposed the proposal, but it is not accurate to say that he protested vehemently. It has now been decided that Persian, Hindi and Punjabi shall be alternative subjects in the fourth primary class.

CONVEYANCE FROM TANK BY THE DECAUVILLE LIGHT RAILWAY OF PAS-  
SENGERS BOUND FOR DEHRA ISMAIL KHAN.

795. **\*Mr. Ram Narayan Singh:** (a) Is it a fact that the Decauville Light Railway used to take the passengers bound for Dehra Ismail Khan from Tank near the Tank Town but the system has been given up for some time. Has the Government noticed any decline in income thereby; if so, do the Government propose to renew the system for the convenience of the public?

(b) Is it a fact that the residents and traders of Tank have memorialized the Divisional Superintendent, Rawalpindi, on the subject because there are no tongas plying between the town and cantonment station and the public is put to great inconvenience?

(c) Is it a fact that the authorities of the said railway have recommended the reduction of fares; if so, when will these be introduced?

**Mr. A. A. L. Parsons:** (a) and (b). Government have no information and this appears to be a matter for the local railway authorities. A copy of the question will be sent to the Agent, North Western Railway.

(c) No recommendation for the reduction of fares has been received.

CONVERSION OF THE DERA ISMAIL KHAN-DECAUVILLE RAILWAY TO  
2' 6" GAUGE.

796. **\*Mr. Ram Narayan Singh:** Is it a fact that the necessary estimates for converting the Decauville Railway between Dehra Ismail Khan and Tank into the Lakki-Pezu-Tank gauge have been submitted to the Railway Board? If so, have these been passed in the Railway Budget for the next year?

**Mr. A. A. L. Parsons:** No; the question of converting the Dera Ismail Khan-Tank Decauville Railway to 2' 6" gauge has not been taken up yet.

WIDENING OF THE ROAD FROM FORT SANDEMAN TOWARDS DRABAND.

797. **\*Mr. Ram Narayan Singh:** Is it a fact that the road from Daraban to Mughalkot is being widened by blasting in order that two motor cars might pass on that road to Fort Sandeman? Are any similar operations being made from Fort Sandeman side towards Daraban, if so, when is the road likely to be finished?

**Mr. E. B. Howell:** The road in question is only a track fit for pack animals. From Draband to a point a few miles beyond Mughalkot it lies in the North-West Frontier Province, beyond that in Baluchistan. This winter with the assistance of a company of Sappers and Miners lent by the military authorities, that portion of the road which lies in the North-West Frontier Province has been widened and improved and it is now fit for light motor traffic as far as Domanda, about half way between Draband and Mughalkot.

On the Baluchistan side nothing more has been done than some blasting at Dhanasar to make it more easily passable by camels. To make this section of the road fit for motor transport would be a work of some magnitude and it is not possible to say when this is likely to be done.

FATAL ACCIDENTS AT THE LEVEL CROSSING IN JAMALPUR, EAST  
INDIAN RAILWAY.

798. **\*Raja Raghunandan Prasad Singh:** (a) Are Government aware that due to constant shunting and re-shunting of trains and engines at the level crossing gate, Jamalpur, East Indian Railway (Loop Line), fatal accidents frequently occur at the spot in question? If so, will the Government be pleased to lay on the table a statement showing the number of accidents that have occurred since January, 1926?

(b) Do Government propose to open an underground bridge below the level crossing aforesaid for pedestrians and open a gate for vehicular traffic beyond the northern shunting limit, somewhere near the distance signal, so as to prevent such accidents from occurring in future at the spot in question?

**Mr. A. A. L. Parsons:** Two fatal accidents to pedestrians have occurred at the level-crossing in question since January, 1926, and a proposal for providing a sub-way for both vehicular and foot traffic at this level crossing is under examination by the Agent, East Indian Railway.

PROVISION OF A WAITING SHED AND LATRINES FOR THIRD CLASS  
PASSENGERS AT MONGHYR.

799. **\*Raja Raghunandan Prasad Singh:** Do the Government propose to provide a waiting shed and latrines for the use of third class passengers at the railway station at Monghyr, East Indian Railway, whose number is always very large?

**Mr. A. A. L. Parsons:** Amenities of the kind in question are steadily being provided by the Railway Administration. It is quite impossible for Government to decide the relative urgency of the different schemes but they will send a copy of the question and answer to the Agent.

CONSTRUCTION OF A NEW STATION AT PURABSARAI ON THE EAST INDIAN  
RAILWAY.

800. **\*Raja Raghunandan Prasad Singh:** Is it a fact that the plan and estimate of cost for a new station building at Purabsarai, East Indian Railway (Monghyr) with adequate accommodation for the booking and other necessary offices as well as for passengers has been sanctioned already? If so, when is the plan going to be given effect to?

**Mr. A. A. L. Parsons:** The reply to the first part of the question is in the negative, and the second does not arise.

GRANT OF ALLOWANCES FOR WORK ON SUNDAYS AND HOLIDAYS TO THE  
CLERICAL STAFF OF THE OFFICE OF THE DEPUTY MECHANICAL  
ENGINEER, JAMALPUR.

801. **\*Raja Raghunandan Prasad Singh:** (a) Will the Government be pleased to say if it is a fact that the clerical staff in the office of Deputy Mechanical Engineer, Jamalpur, East Indian Railway, get no allowance for attendance, under orders, on Sundays and other holidays, as is the case in the Head offices at Calcutta and the Divisional Superintendent's office, etc., at Howrah?

(b) Is it a fact that Hindu clerks are not allowed to avail themselves of Muhammadan holidays, whereas Muhammadan clerks do avail themselves of Hindu holidays in the railway offices at Jamalpur, East Indian Railway?

(c) If the answer to (a) and (b) be in the affirmative, will the Government be pleased to say if they propose to take necessary action for the redress of the said grievances?

**Mr. A. A. L. Parsons:** Government are making enquiries and will communicate with the Honourable Member in due course.

RUNNING OF AN EXPRESS TRAIN BETWEEN HOWRAH AND DELHI VIA  
JAMALPUR.

802. **\*Raja Raghunandan Prasad Singh:** Do the Government propose, for the convenience of passengers and travellers concerned, to run an

express or any other fast train between Howrah and Delhi *via* Jamalpur Junction, East Indian Railway (Loop Line)?

**Mr. A. A. L. Parsons:** An express train (No. 41 Up) has been introduced between Howrah and Agra *via* the East Indian Railway loop line with effect from the 1st March.

#### EXPORT OF COWS, OXEN AND BRAHMINI BULLS.

803. **\*Raja Raghunandan Prasad Singh:** Will the Government be pleased to state how many cows, oxen and Brahmini bulls were exported during the year 1925-26 from each Province of India? Were there any such animals imported into the country from abroad during the said period? If so, what was their number and description?

**The Honourable Sir Charles Innes:** I am sorry that our sea-borne trade returns do not go into sufficient detail to enable me to answer the Honourable Member's question. In particular, they do not distinguish between Brahmini and other bulls. The only information we have on the subject is contained in the latest volume of the above returns, which will be found in the Library. I may mention, however, that since the total number of cattle in India has been estimated at a figure in the neighbourhood of 200 millions, I do not think that the Honourable Member need be unduly alarmed, for the exports of cattle in 1925-26 amounted only to 11,000 head.

**Mr. K. Ahmed:** In view of the fact that Brahmini bulls require in India nowadays to graze in the spacious fields, do Government propose to take steps or request landlords and zemindars of India to make allowance for leaving sufficient pasture ground before they in future import Brahmini bulls from abroad?

**The Honourable Sir Charles Innes:** No, Sir.

#### RELEASE OF POLITICAL DETENUS.

804. **\*Raja Raghunandan Prasad Singh:** Will the Government be pleased to state when they propose to release or place on their trials the detenues under the Bengal Criminal Law Amendment Ordinance of 1925 and Regulation III of 1818?

**The Honourable Sir Alexander Muddiman:** I would refer the Honourable Member to the reply given by me to the short notice question by Pandit Motilal Nehru on this subject on the 9th February, and my supplementary reply this morning.

#### PENSIONARY CHARGES FOR THE POST OFFICE DEPARTMENT AND THE TELEGRAPH DEPARTMENT.

805. **\*Mr. K. C. Neogy:** Will the Government be pleased to make a statement showing the actual amount expended for pensionary charges separately for the Post Office Department and the Telegraph Department for the years 1923-24, 1924-25, 1925-26 and 1926-27?

PENSIONARY CHARGES FOR THE POST OFFICE DEPARTMENT AND THE TELEGRAPH DEPARTMENT.

806. **\*Mr. K. O. Neogy:** What were the amounts charged in the accounts as pensionary charges for the years 1923-24, 1924-25, 1925-26 and 1926-27 (a) for the Post Office Department, and (b) for the Telegraph Department?

**Sir Ganen Roy:** The information asked for in questions Nos. 805 and 806 is being collected and will be supplied to the Honourable Member.

APPORTIONMENT OF THE SHARES OF THE POST OFFICE DEPARTMENT,  
THE TELEGRAPH DEPARTMENT AND THE CIVIL DEPARTMENT  
OF THE REVENUE DERIVED FROM THE SALE OF  
POSTAGE STAMPS.

807. **\*Mr. K. O. Neogy:** What is the method of the apportionment of the revenue derived from the sale of stamps among (a) the Post Office Department, (b) the Telegraph Department, and (c) the Civil Department?

CIVIL DEPARTMENT'S SHARE OF THE REVENUE FROM THE SALE OF  
POSTAGE STAMPS.

808. **\*Mr. K. O. Neogy:** (a) What was the proportion of the Civil Department's share of the sale of postage stamps in the year 1924-25, to that of the Postal Department?

(b) How did the Government ascertain the amount of Civil Department's share of the sale of postage stamps?

**The Honourable Sir Basil Blackett:** I propose to answer questions 807 and 808 together. The Civil Department's share of the sale of postage stamps in 1924-25 was Rs. 47,39,000 and the Postal Department's share Rs. 6,57,69,000. The method of apportionment of the shares of the Civil and Postal Department is very complicated and cannot easily be explained in this answer but I shall be glad to arrange for the method to be explained to the Honourable Member. The method of apportionment of the Postal Department share between Posts and Telegraphs is given in footnote (a) on page 8 of the Detailed Statements in support of the Indian Posts and Telegraphs Department Demands for Grants which was circulated to the Honourable Members with the Budget papers.

POST OFFICE SHARE OF THE REVENUE FROM THE SALE OF POSTAGE STAMPS.

809. **\*Mr. K. O. Neogy:** 1. (a) Is it not a fact that calculating at the minimum rate of half-anna for a postcard, one anna for a paid letter, three annas for a registered letter, four annas for a registered parcel, together with the sum of 22 lakhs of rupees realised as insurance fee, the sale of postage stamps on account of Post Office work would amount to Rs. 6,27,16,415, in the year 1924-25?

(b) Is it not a fact that a considerable number of postal articles require more than the minimum postage rates?

2. (a) Is it a fact that Rs. 5,37,26,000 was the amount credited to the Post Office accounts as its share of the sale of postage stamps in the year 1924-25?

(b) If so, how do the Government reconcile this figure with the figure in part 1 (a)?

**Sir Ganen Roy:** 1. (a) The Honourable Member's statement is approximately correct.

(b) Yes, though the number of postal articles requiring more than the minimum postage rates represents a comparatively small percentage of the total number dealt with.

(a) Yes.

(b) The difference between the two amounts is due to the fact that no postage is realised in India on the following classes of articles transmitted through the post which are included in the statistics of traffic:

- (1) Articles received from foreign countries,
- (2) Articles sent on postal and telegraph service, and
- (3) Articles that certain Indian States are entitled under their agreements with the Indian Postal and Telegraph Department to send on a frank without postage.

I would add for the information of the Honourable Member that the traffic statistics published in the Annual Report of the Postal and Telegraph Department are based on an actual count spread over two weeks only and must therefore be regarded merely as rough estimates.

#### COST OF MANAGING THE POST OFFICE SAVINGS BANK.

810. **\*Mr. K. C. Neogy:** 1. (a) How do the Government calculate the cost of managing the Savings Bank Department?

(b) Is it a fact that the cost of managing the Savings Bank Department for 1923-24 was estimated at Rs. 21,87,000, and that the cost for 1926-27 was estimated at Rs. 22,12,000?

(c) Did the latter sum include an extraordinary expenditure of Rs. 1,61,000, being the purchase value of 40 Savings Bank Adding Machines?

(d) If answer to part (c) be in the affirmative, was not the normal expenditure for 1926-27 Rs. 20,51,000?

(e) Is it a fact that compared to the amount of Savings Bank work in 1923-24, there has been an increase of work in 1925-26? If so, what is the extent of this increase?

2. Do Government propose to consider the desirability of calculating the cost of the management of the Savings Bank work on the basis of a percentage of the total amount at credit? If not, why not?

**The Honourable Sir Bhupendra Nath Mitra:** 1. (a) The cost of managing the Post Office Savings Banks has hitherto been calculated at 8 annas per account on the number of active accounts *plus*  $\frac{3}{4}$  per cent. on the amount standing at the credit of depositors on 1st October. The question of revising the basis of adjustment is under the consideration of the Government of India.

(b) Yes.

(c) No.

(d) Does not arise.

(e) Yes. The number of accounts rose from 2,089,814 in 1923-24 to 2,317,890 in 1925-26 and the total deposit balances at the close of those years from Rs. 24,78,94,875 to Rs. 27,23,28,972.

2. Investigations into the actual cost of the work in question indicate that the basis of cost should be the number of transactions, and not the total amount at credit. As, however, the actual cost of the work done by the audit office in this connexion can be ascertained exactly the Government of India propose to base the assessment of cost on a transaction rate to cover the work in the Post Office, *plus* actual audit charges.

**Mr. K. Ahmed:** In view of the fact that the management of the post offices has got various sources of income, do Government propose to reduce the rates of postcards and envelopes in the Budget next week?

**The Honourable Sir Bhupendra Nath Mitra:** The Budget proposals of my Honourable colleague, the Finance Member, are already before the House.

#### DECREASE IN THE AMOUNT OF TELEGRAPH WORK DONE BY COMBINED OFFICES.

811. **\*Mr. K. O. Neogy:** (a) What has been the increase of telegraph work done by combined offices in 1926-27 over that of 1925-26?

(b) What will be the increase of the cost of doing telegraph work by combined offices on account of increases of pay sanctioned?

**Sir Ganen Roy:** (a) A comparison of the figures for the first nine months of 1926-27 with those of the corresponding period of 1925-26 shows that there has been a decrease of about 1.9 and 1.7 per cent. in the number of telegrams sent and delivered from combined offices respectively.

(b) Information on the subject is being collected and will be furnished to the Honourable Member when compiled.

**Mr. H. G. Cocke:** Is the Honourable Member aware, Sir, that many of these questions in connection with Post Offices would not require to be asked if the Annual Report of that Department were issued regularly? The Report for the year ending on the 31st March, 1926, was not in the Library two or three days ago.

**Mr. K. O. Neogy:** Is the Honourable Member aware that most of the information asked for is not available in the Annual Report?

#### CREDIT GIVEN TO THE POST OFFICE UNDER (1) SHARE OF MARINE SUBSIDIES, AND (2) FREE SERVICES RENDERED TO INDIAN STATES.

812. **\*Mr. K. O. Neogy:** (a) Is it a fact that up to the year 1922-24 credits were given to Post Office under (1) share of marine subsidies, and (2) free services rendered to Indian States?

(b) If the reply be in the affirmative, what was the reason for not giving credit to the Post Office under the said heads in subsequent years?

**The Honourable Sir Bhupendra Nath Mitra:** (a) and (b). I would invite the Honourable Member's attention to the relevant portion of my speech in this House on the 10th March, 1926, in connection with a motion by the Honourable Mr. Rama Aiyangar in which similar information was asked for.



CREDIT GIVEN TO THE POST OFFICE FOR THE COST OF WORK DONE  
IN CONNECTION WITH GOVERNMENT SECURITIES.

813. \***Mr. K. O. Neogy**: Is any credit given to the Post Office for the cost of work done in connection with Government Securities? If not, why not?

\* **Sir Ganen Roy**: Yes. The latter part of the question does not arise.

NUMBER OF POST OFFICES MAINTAINED FOR POLITICAL OR MILITARY  
PURPOSES.

814. \***Mr. K. O. Neogy**: (a) What is the number of post offices and the length of main lines maintained for political or military purposes?

(b) What is the estimated cost of maintaining the said post offices and main lines for the year 1926-27?

(c) What is the estimated income from the said Post offices?

**The Honourable Sir Bhupendra Nath Mitra**: (a), (b) and (c). My present information is that no post office of mail line is maintained solely for political or military purposes in respect of which the loss in working is not borne by the authorities concerned; but I am having the matter further examined.

THE CURRENCY BILL—*contd.*

**Mr. President**: The House will now proceed to consider the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, clause by clause.

Before we proceed further with this Bill, I think I should clear the air by making a short statement about the order in which the Chair proposes to take the various amendments. There are two main questions involved in the Bill and the amendments together: (1) the question of ratio and (2) the question of the introduction of a gold standard with gold currency in circulation. I am of opinion, and I am sure the House will agree with me, that both these questions should be dealt with independently of each other and separately as far as possible. The principal question raised by the Bill and which affects all clauses of the Bill alike is that of the rupee ratio, and it is but proper, therefore, that that question should be disposed of first. I find that clause 4 raises exclusively the question of ratio and amendments thereto are also confined to the same question, while clauses 2 and 3 and the amendments to them raise questions of the demonetisation of the sovereign and the introduction of a gold standard and gold currency along with the question of ratio. I propose, therefore, to take up clause 4 and the amendments to it first. These amendments will be taken up in the order of priority of notices, and I find that amendment No. 56 standing in the name of Mr. Jamnadas Mehta was received first. The question, therefore, before the House now is that clause 4 do stand part of the Bill.

**Mr. N. O. Kelkar** (Bombay Central Division: Non-Muhammadan Rural): Sir, I wish to get one point cleared up. Personally, I have no objection

[Mr. N. C. Kelkar.]

to the course suggested for anticipating a particular amendment, but after that is done and the amendment is disposed of one way or the other, what will be the position of the other amendments that are on the agenda? I wish to state that this anticipation of one particular later amendment should be made, if necessary, without prejudice to the other amendments that are already there.

**Mr. President:** As soon as the question of ratio is disposed of by the House, other amendments will be allowed to be moved, provided they are otherwise admissible. If the House decides in favour of 1s. 6d. as against 1s. 4d., that decision will have to be embodied in the other amendments and the Chair will permit necessary alterations in them for that purpose. But this is of course subject to the question of admissibility of those amendments.

**Mr. Vidya Sagar Pandya** (Madras: Indian Commerce): On a point of order, Sir. The question of the ratio is only a subsidiary matter. If the amendments which we have sent in in connection with the gold currency are adopted, the ratio becomes only a subsidiary matter and as such, if we take up clause 4 now, it will in a way block the way for the introduction of the gold standard with gold currency.

**Mr. President:** The question of the gold currency will not be blocked by the procedure I have suggested. The Honourable Member will be perfectly entitled to move his amendment on the gold currency and the gold standard if that amendment is otherwise in order.

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadan Urban). Sir, I beg to move:

"That in clause 4 for the words 'twenty-one rupees three annas and ten pies' the words 'twenty-three rupees fourteen annas and four pies' be substituted."

Sir, this amendment grapples straight off with the question of the ratio; while the question of a gold standard and gold currency is accepted by all of us on this side of the House as a question of paramount importance, the fact remains that even at the time when the gold standard is introduced and a gold currency is put into active circulation, the existing contracts and existing obligations will have to be converted into gold at a certain ratio and the question of the ratio will all the same have to be decided at that time. In fact, I submit that the question of the ratio, though secondary in importance to the gold standard, has got to be settled first in order. Sir, I do not want to go at length into ancient history, but when we are about to decide a momentous issue it is but natural that we should feel it necessary to record one by one each step that has been taken in the immediate past by Government to arrive at the present position. I will not start with the history of 1879, but more recent history is certainly relevant, if we want to understand the issue involved in this question. I shall begin with the appointment of this Royal Commission. Sir, the appointment of a Commission was insisted upon by this side of the House long before the Government at last agreed to it, but the appointment was made quite regardless of the wishes and the sentiments of the House and in every way objectionable and unacceptable to the people of this country. On the 25th August 1925,—I think that was the date—we moved an adjournment of this House to show our disapproval of the personnel of the Commission. When the adjournment motion

in August 1925 was about to be put to the vote the Honourable the Finance Member and the Honourable the Home Member became very grave according to the report in the *Times of India* here. The *Times of India* report says: "Then he (that is, Sir Basil Blackett) became very grave". And it further says: "The Home Member was even graver." The gravity was due to the fact that they regarded it as a sacrilege for this part of the House to criticise the personnel of any Commission which Government had appointed. That any step which the Government had taken should be questioned by the House was a matter to them of very great gravity. And the Home Member anxiously told us that, if we did anything like this again, self-respecting and capable men would not undertake to join such Commissions. Now, Sir, I entirely repudiate that kind of argument. Any body who offers himself for public service, anyone who offers to serve on a Commission which is to decide finally or at any rate for years to come these important issues, his merits and his qualifications shall be publicly canvassed and we the representatives of the people had every right—indeed it was our duty—to tell the Government what we thought of their nominees. If these people have such thin skins that they cannot stand such criticisms, they must not join such Commissions. But it is preposterous to say that because Government—which simply means a coterie of foreigners—appoints certain people to a committee or a commission, this House must accept it without demur. I cannot accept this principle, and if these gentlemen will not serve on these Commissions, all the better for the country.

Sir, I must now go into the merits of the personnel itself. I do not want to analyse the merits of all the members because the Britishers who were there came to serve their country. Sir Henry Strakosch, of whom so much was made, had also muddled the currency of South Africa before he was appointed to the Commission. Mr. Samuel Evans, who I think is a member of the South African Parliament, wrote to me on November 1925 that "Sir Henry Strakosch, a member of the recently appointed Royal Commission on Indian Currency, was largely responsible for our currency troubles." So even in South Africa this gentleman. Sir Henry Strakosch, has created trouble and his currency excursions in South Africa have not been appreciated.

**The Honourable Sir Basil Blackett** (Finance Member): There are people like Mr. Jamnadas Mehta even in South Africa.

**Mr. Jamnadas M. Mehta**: I do not understand what that means. Here is an authority who says that Sir Henry Strakosch's labours were not appreciated in South Africa. The Chairman of that Commission was so enamoured of what he had done that soon after the report was out he did not hesitate to make rude references to a colleague of his, I mean my friend Sir Purshotamdas Thakurdas. Then Mr. Samuel Evans says:

"In the matter of currency investigations Governments and Parliamentary Committees often act like Kaffir tribes and some company promoters. They employ preferably experts who will support their own pet theories."

This is how Sir Henry Strakosch was spoken of by Mr. Samuel Evans.

Coming to the Indian portion of the personnel, Sir, I will only say that so far as Sir Maneckji Dadabhoj was concerned, we expressed our disapproval of his nomination in no uncertain terms and I emphasized that he did not represent anybody, that if he stood for any election he would be defeated, and within three months it was proved that nobody wanted him. I do not want to speak of Sir Rajendranath except that

[Mr. Jamnadas M. Mehta.]

Mr. J. A. Wadia of Bombay described him as a gentleman who possessed crass ignorance about the subject on which he was talking. Then, Sir, I am sorry to say that Professor Coyajee also became part and parcel of this partnership. The emergence of learned men in the public arena for supporting the pet theories of Government is not a new factor in this country. When Lord Curzon wanted to undermine the foundations of higher education in this country, he also took advantage of a well-known professor, Dr. Bhandarkar; it is not for the first time that we have the misfortune of our own learned men lending themselves to the accomplishment of the aims of the bureaucracy. These gentlemen are appointed in the name of India; they become part and parcel of the bureaucratic system, accept the pre-conceived notions of Government, and in a word, I should say they sell their souls to Government. They deserve in my humble opinion the severest condemnation. The only member of that Commission who represented public opinion and who has deserved well of this country and who has devoted his great gifts and his great opportunity, and his time and energy for two solid years practically to this important question, is, as everybody knows, my Honourable friend, Sir Purshotamdas Thakurdas; and whatever the foreign expert opposite and his henchmen might say against him, however much they may scoff at him, when these gentlemen have gone to their homes, after these controversies are forgotten, the name of Sir Purshotamdas Thakurdas will be found enshrined in the hearts of his countrymen whose cause he has tried so ably to protect.

Sir, we cannot accept the ratio under which for obtaining currency we are to give one tola of gold and get in return Rs. 21-3-10, but we must have the old ratio under which for a tola of gold we can get Rs. 23-14-4. We do not accept the conclusions of this Commission which are based on two statements. One is that prices have adjusted approximately to the new ratio, and secondly, that whatever may be the methods by which this adjustment was arrived at, it is the *de facto* ratio and the methods by which it was arrived at were immaterial. If that was the only reason for the appointment of a Commission, namely, that the *de facto* ratio must be accepted regardless of the method by which it was arrived at, then, what is the use of appointing a Commission at all? I find that a sum of Rs. 3,31,000 was spent on this Commission and if they were simply to register the decree of Government, I do not see why a Commission should have been appointed for the investigation of a thing which had already been done. If the Commission was simply to write a report accepting as a matter of course the *de facto* ratio it could have been written even by my Honourable friend, Mr. Sham Narayan Singh.

**Mr. N. M. Joshi** (Nominated: Labour Interests): May I ask the Honourable Member one question, whether if he goes to the right place by a wrong method he will again go back and walk to the right place by the right method?

**Mr. Jamnadas M. Mehta:** While there is time, I will, and I maintain there is ample time. I say that if the fact that the *de facto* ratio exists is the only justification, then I repeat that my Honourable friend, Rai Bahadur Sham Narayan Singh could well have been posted on this Commission and he would have written this report.

The Honourable Sir Basil Blackett: Or even Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: I would not have written it. Then, that being the case, we cannot accept this conclusion that because the *de facto* ratio is there we must accept it. That proposition has only to be stated to demonstrate its absurdity.

Then, Sir, the other question whether prices have adjusted themselves is, of course, the right test; if prices have adjusted themselves substantially and approximately, though not completely, then the stabilisation must take place at that rate. This may be accepted but it is perfectly clear that it is a platitude and does not require any contradiction. (Hear, hear.) But the whole question is whether the prices have adjusted themselves and it is quite clear that they have not. (Some Honourable Members: "No, no.") I am going to establish beyond a shadow of doubt that the prices have not adjusted themselves, that they cannot adjust and that they will not adjust themselves at the sweet will even of a great Finance Member. With great enthusiasm the Honourable the Finance Member quoted Professor Vakil's book yesterday. I think it was the last book to which he should have resorted. The prices to which Professor Vakil's book refers are the prices only of those commodities which enter into our export trade and the internal prices of those commodities. That is not the point at issue. The question is whether the prices not merely in the narrow sense of prices of foodstuffs which figure in our export trade but prices in the wider and economic and scientific sense—the prices of money, the prices of leases, the prices of debt, the prices of public service—in fact, all things for which we have to pay money—whether the prices of them have adjusted themselves, whether the rents of leases, whether the rates of interest on mortgage debts, whether the salaries of public servants, whether wages have adjusted themselves to the new ratio. All these are prices in the economic sense, and I want to tell the Honourable Member quite clearly that even if he wishes it, they will not respond to his desire, they cannot adjust themselves all within the same time. Here is the statement of Professor J. M. Keynes. What does he say? He only refers to the 10 per cent. appreciation of the pound sterling and says that prices do not adjust themselves so easily. He says that if everybody accepted 10 per cent. less when you accelerate the sterling by 10 per cent. adjustment would be complete. Similarly, we say that if all of us accepted  $12\frac{1}{2}$  per cent. less the moment 1s. 6d. is put into force, the adjustment would be complete. But it is impossible to have a state of things in which an adjustment of  $12\frac{1}{2}$  per cent. will take place automatically simultaneously in all these matters. This is what Mr. Keynes says:

"But, in practice . . . this does not happen, some prices of which the wholesale prices of raw materials entering into international trade are typical, adjust themselves rapidly."

—this is the only case in which prices adjust themselves rapidly—

"Others, of which the cost of living is typical, are stickier and move more slowly."

—the cost of living does not adjust itself so quickly as my Honourable friend would desire—

"Others, of which wages are typical, are stickier still. Others, of which interest on the national debt and a number of other budgetary commitments are typical, being contractual and only alterable by something, in the nature of repudiation, do not move at all."

[Mr. Jamnadas M. Mehta.]

These are the facts of economic conditions, that there are four kinds of prices and only one set of the prices adjusts itself quickly in response to this change in the ratio. The others are sticky and do not respond to the adjustment so quickly. I will take only one case. We pay nearly Rs. 70 crores of rupees every year on our civil and military establishments including railways. I want to ask Government whether the prices of these services—a public servant is one who has sold his time and energy to Government and the salary is the price we pay for it—have the salaries of these officers adjusted themselves to the new ratio? If they have, instead of Rs. 70 crores paid on these establishments we would be paying about Rs. 60 crores to-day. I think the House is entitled to an answer whether a Rs. 10 crores reduction in the salaries of the permanent establishments of the Government of India alone has been accomplished. If not, where is the adjustment all round, of which the Commission is talking? The only gentleman whose salary could not be reduced because he arrived after the ratio had become 1s. 6d. gold is His Excellency the Viceroy and so his salary need not be reduced. But the rest of these establishments who are trying to have 1s. 6d. for the purpose of their own personal benefit—their salaries should be reduced by 12½ per cent. and I ask these Benches opposite whether any one of them is prepared to part with a single copper coin out of the huge salaries which they are getting every month. If they want the adjustment to be complete, they must rise from their seats and say 'We give up 12½ per cent. of our salaries'. I know "they are stickier still" in the words of Professor Keynes. They will not accept the 12½ per cent. reduction. Until they accept it is no use talking about the existence of an adjustment all round. The same is the case about the interest on our rupee debt. Until the adjustments have taken place, and these can never take place during the period of the currency of these loans, this country will have to pay interest at the old rate when the rupee was at 1s. 4d.; to-day every rupee contains 8·47 grains of gold as against 7·53 grains of gold, so that every rupee that we pay by way of interest is a higher rupee, more valuable rupee in terms of gold than the rupee at which the debt was contracted. (*An Honourable Member*: "Question.") You may question the fact that it is broad day light now.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Would you reduce your Rs. 20 allowance?

**Mr. Jamnadas M. Mehta**: If these adjustments have to take place I am willing to have these personal allowances and travelling allowances cut down by 12½ per cent. Then only will the adjustment be complete. I have already risen from my seat and made that statement but the other side is not going to make that statement.

**Mr. K. Ahmed**: Are your party men willing to reduce it? (*Honourable Members*: "All are willing.")

**Mr. Jamnadas M. Mehta**: Interest on debt cannot be adjusted. The repayment of the capital cannot be adjusted by 12½ per cent. reduction. Rents on long-term leases cannot adjust themselves. Similarly, the liabilities of the ryot by way of land revenue continue at the old rate when the rupee was 7·53 grains of gold; he has to pay for every rupee of land revenue not 7·53 grains of gold but 8·47 grains of gold. These are colossal losses. These are the sacrifices which are being made day after

day and they cannot be adjusted in terms of the new ratio at the dictation of a Royal Commission and, until they have adjusted themselves, the sacrifice for this non-adjustment will have to be made by the people of this country, by the tiller of the soil, by the manufacturer and by everybody who is a producer in this country. Everybody who lives by the sweat of his brow is made to toil and moil more and more in order that the Finance Member's new fangled ratio may come into force. Then, Sir, it is said "Oh, it is no use complaining; we have arrived at the new ratio by natural processes and therefore the tax-payer should not be deprived of the benefits which he has got by natural forces." The Finance Member in a speech which he made in 1923 and also in 1925 has been at some pains to show that this rise in the ratio owing to monetary stringency has been due to a natural cause. In his budget speech, paragraph 46, of 1925-26, he said:

"Natural causes connected with the world movements of exchange and prices have recently tended to raise exchange and the tax-payer ought not to be arbitrarily deprived of the advantage which had come to him from natural causes."

Then again he said on the 11th July 1924, when opening the new building of the Central Bank of India at Calcutta, "stringency in the money market has its root in the facts of nature." Now, Sir, let us turn to these 'natural' facts about which the Finance Member has been so eloquent. These natural facts would be found depicted in Appendix No 98, in the proceedings of the Royal Commission, and will show how nature has worked, to bring about both stringency and the rise in the ratio. This Appendix No 98 contains the exchange of various telegrams between the Secretary of State and the Government of India. While we are told in public speeches that the rise in the ratio and the money stringency is due to natural causes and the movements of world prices, here is the admission of the Government of India themselves as to how this stringency has been brought about. The telegram says "It is beginning to be realised generally (the implication being that no body could even understand it till now) that the stringency in the money market is the direct outcome of Government action." So, the so-called nature is the Government action which has led to the monetary stringency and the admission is "We have done it secretly enough till now, nobody has been able to understand it" but "it is now beginning to be realised generally that the stringency in the money market is the direct outcome of Government action in contracting currency or in placing strict limits on the possibility of expansion." In private they admit what they are doing, and but for the publication of Appendix No 98, the world would not have known what a great divergence exists between the professions of the Government in public and their secret actions. The Government have been caught red handed raising the rupee by manipulation and no more damaging telegrams were published to condemn this Government for what they were doing against the interests of this country. The statement that it is now beginning to be realised generally that the stringency in the money market is the direct outcome of Government action in contracting currency flies in the face of the statement that the stringency is due to the natural causes of the world movements of prices. But that is not all. There is also the admission in these telegrams that they had already made up their mind that the ratio should be maintained at 1s. 6d.; they only wanted somebody to say formally that it was right. The word "formally" is actually used. Here are the words:

"The general policy which we have tentatively in mind would be to fix in our own mind on 1s. 6d. sterling as the figure at which we desire to stabilise the rupee

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so long as this primary purpose is not endangered which is only likely in the event of renewed falling in gold value of sterling and to wait until gold and sterling are on a par before fixing the rupee by Statute."

This telegram is dated the 8th October, 1924. It is clear from this that they had already made up their mind on the subject. If you fix it at 1s. 6d. sterling to-day the moment sterling reaches par with gold it will become automatically 1s. 6d. gold. This admission in the telegram of the 8th October, 1924, condemns this Government as one which was secretly conspiring to force up the ratio, while saying publicly that it was due to natural causes. This document will remain on record to prove that this Government cannot be trusted with the public finances or of the welfare of the people of this country. This is the history of how this ratio was raised. Neither prices have adjusted themselves nor has this so-called natural appreciation been due to any natural causes. This House must therefore refuse to accept the *de facto* ratio which has been achieved by doubtful methods and also because the adjustment of economic conditions in India to the new ratio has scarcely yet begun. That being the case the results of the non-adjustments must be borne by the remaining section of the people. I will tell you, Sir, who gets the benefit of this non-adjustment until the process is complete. Mr. Findlay Shirras on behalf of the Government of India has prepared "a national memorandum of the balance of payments of all nations," and we can glance from it who gets the benefit of the higher value of the rupee. I may say that it is a statement made on pages 19—22 of Mr. Findlay Shirras' National Memorandum of Balances of Payments, 1910 to 1923, a copy of which I think is in the Library. Sir, there Mr. Shirras says that the profits of foreign companies and of foreign investors and banking and insurance companies who operate in India, are 26 crores of the first and 9 crores of the second, namely, 25 crores in all. They must have increased considerably since 1923 but we will take that figure of 35 crores as the profits of these foreign investors and capitalists in this country, and when they remit these profits to their homes they will get every pound cheaper by the difference between 15 and 13 rupees. Therefore, these foreign investors, in remitting their profits home make a profit of 4 to 5 crores of rupees a year on account of the higher ratio. The Government themselves admit that they make exchange profits of from 3 to 4 crores. Then, Sir, the rest of the profits are made by the importers of foreign articles. It is known that the importers of foreign goods are mainly rich people. 93 per cent of these imports, according to us, are used by the better classes, the rich classes, and when you total up the four crores in the case of the foreign investors, the 3 to 4 crores which Government is making, and then the profits on imported luxury articles you can understand the loss which the producer and manufacturer in this country has to suffer. All these 40 crores of profits are made by the importers and users of foreign imports, by foreigners who are operating in this country, including the Government, and the total of 40 crores thus comes from the pockets of the people of this country.

**Mr. K. Ahmed:** What about the capitalists?

**Mr. Jamnadas M. Mehta:** Well, if the capitalists are able to lose 40 crores in a year then even Sir Victor Sassoon with all his boasted crores would not be able to meet these losses for a long time. But it is the poor people of this country who are mulcted of the 40 crores every year in order to make up these profits of the foreign importers, the foreign Government and the foreign capitalists.



Then, Sir, we have the question of this debt. My friend Sir Victor Sassoon explained the other day that if we go to 1s. 6d. we will have to increase our rupee debt by 4 crores of sovereigns; for every rupee both of capital and of interest we will have to pay more grains of gold when the time for payment comes if we go to 1s. 6d. in place of 1s. 4d. Now, Sir, that statement was challenged by the Finance Member and my friend Dr. Macphail also tried to say something which nobody understood here.

**The Honourable Sir Basil Blackett:** Sir Victor Sassoon and other intelligent people understood it.

**Mr. Jamnadas M. Mehta:** Sir, that intelligence is welcome to the Honourable the Finance Member. I hope he will have the intelligence to follow this, namely, that when I pay one grain of gold more for every rupee that I am bound to pay, I am paying more than I am obliged to. (The Honourable the Finance Member shook his head.) Your arithmetic is at fault. If I am obliged to pay 8 instead of 7 then certainly I am losing one grain on every rupee I pay.

**The Revd. Dr. E. M. Macphail** (Madras: European): And you borrowed at 1s. 6d. and 2s.

**Mr. Jamnadas M. Mehta:** In the words of Dr. Meenje, I am very glad you raised that point. I want here to understand from the Government and from Dr. Macphail whether they insist that the debt which we have incurred has to be paid at the exact ratio at which it was raised. I want to understand it. I know that they cannot say so.

**The Revd. Dr. E. M. Macphail:** May I simply point out to Mr. Jamnadas Mehta that Sir Victor Sassoon himself seemed to think that it should be paid at that rate, because he deducted the money which we borrowed at 1s. 4d.

**Mr. Jamnadas M. Mehta:** I would ask you whether it is possible for anybody 30 or 60 years later to pay a debt in the identical ratio at which he raised that debt. It will be either 120 for a bond of 100 or it will be 80. Will the creditor take one rupee less when the bond matures? I ask Dr. Macphail how he is going to teach his students in the Christian College. When the bond is presented for a debt incurred 60 years ago will he turn to the ratio at which the debt was incurred and will he pay more or less according to that ratio, or only the 100? I wait for an answer.

**The Revd. Dr. E. M. Macphail:** My answer to the Honourable Member is this, that of course if you are a business person naturally you pay at the market rate. But I understood we were talking about the moral question, the inequity of saddling the country with a debt which it had not incurred.

**Mr. Jamnadas M. Mehta:** I am glad the Honourable Member admits that it is absurd to contend that the rate at which the debt was raised ought to be the rate at which it should be paid.

**An Honourable Member:** Why does the country make that very proposition in regard to the agricultural debt?

**Mr. Jamnadas M. Mehta:** You had better ask the Agricultural Commission. I cannot see any sense in that.

**An Honourable Member:** Mr. Jamnadas Mehta belongs to the Currency League. He puts forward that argument.

**Mr. Jamnadas M. Mehta:** I do not belong to the Currency League; the Currency League belongs to me.

**The Honourable Sir Basil Blackett:** The best statement of its value that we have yet heard.

**Mr. Jamnadas M. Mehta:** Therefore, Sir, I maintain that it is not possible for anybody to consider the rate of exchange at which the debt was raised, and one of the important points which the Honourable the Finance Member made when replying to the general budget debate therefore absolutely disappears in the light of these facts. It is absurd and preposterous. Then he went into the question of payment in terms of commodity value. I want to expose another absurdity in the matter of this debt question which the Honourable the Finance Member has tried to impose on this House. He says, what of the commodity value of the debt? I want to ask him whether he proposes to pay the debt as it matures on the basis of the commodity value of that debt when raised. In that case I will ask him to answer this question. He will find from the index numbers of wholesale prices in India and in foreign countries that the index number for India in 1918 was 236 as compared with 100 for 1914. Well, Sir, we have raised some crores of rupees of debt in the years 1917, 1918 and 1919, when the commodity value or the price level, which is the same thing, was 236 as against 100 in 1914. Supposing some of this debt matured to-day. The commodity value to-day is 146 as against 100 for 1914 and 236 for 1918.

**The Honourable Sir Basil Blackett:** In order to correct this, may I just point out that the commodity number of prices in 1918 as compared with 1914 was 178 and not 236.

**Mr. Jamnadas M. Mehta:** Well, Sir, I have here the Labour Gazette published by the Government of Bombay. It is the number for January 1927, the latest. It gives the price levels as 236 for 1918.

**The Honourable Sir Basil Blackett:** What does that compare with? It is not 100 for 1914 but something a great deal higher. That is a comparison with 1870 or thereabouts.

**Mr. Jamnadas M. Mehta:** No, Sir, it is 1914. It is mentioned here at page 468 of this Gazette that 100 was the figure for 1914 and 236 in 1918 and 146 in 1926. I ask the Honourable the Finance Member whether he contends that he must pay the debt in terms of commodity value, whether the debt which was raised when the commodity value was 236 will, when the time comes for payment, be paid in terms of 146; this is the other preposterous fallacy to which the Honourable the Finance Member lent himself. You can neither pay your debt at the rate of exchange at which it was raised, nor in the commodity value of the time it was raised. You have to pay the bond in terms of the bond as it matures, and the point which we have been making is this,—that you are now settling the ratio of this country; when the time of repayment comes, you will have to consider whether, when that time comes, you will pay it at 1s. 4d. or at 1s. 6d. That is the only question. Rs. 100 must be paid—there is no question of commodity value, there is no question of the rate of exchange.

Rs. 100 must be paid, and the question before the House is not the ratio, not the commodity value, but whether you will repay it at 1s. 4d. or 1s. 6d.: and in that case we maintain, Sir, in spite of anything that has been said from the Government Benches, in spite of anything that anybody can say, we maintain that we lose four crores of pounds for our rupee debt if we go to 1s. 6d. to-day. Well, Sir, that is the question of the principal. The same applies to the interest. In the meantime under the 18d. ratio we will have to pay interest at the higher level.

Sir, we have tried to point out in the statement which was issued yesterday to the Press and to the public in general that it is the higher ratio of the rupee which enables the Finance Member to boast of the so-called surpluses. And here I must not omit to pay my most reverential tribute of praise to that great Parsi, Mr. B. F. Madon, whose unrivalled mastery has not only (An Honourable Member on the Government Benches laughed)—why do you laugh? You are one of his servants.

**Mr. President:** Order, order

**Mr. Jamnadas M. Mehta:** The Honourable gentleman is a servant of Mr. Madon's it is not for him to laugh when Mr. Madon's services are appreciated. I challenge anybody to show that Mr. Madon's statements are wrong—to prove, not merely to assert—the whole speech of the Finance Member is full of assertions. Mr. Madon has shown in the statement I am referring to that nominally the rupee expenditure of the Government of India has gone down; but in terms of gold, the expenditure of the Government of India has increased, which implies a concealed burden on the people of this country. The year of grace 1924-25 was the year in which the full effects of the Retrenchment Committee's labours were reflected, and we had a gold expenditure of 78 millions at that time. That represented, at the rate of exchange prevailing at that time, 1s. 2 $\frac{3}{4}$  gold, 129 crores of rupees. In the subsequent year, 1925-26, from 78 millions in gold the expenditure of this country rose to 98 millions in terms of gold, which means that it rose by nearly 20 millions in terms of gold, although the figure remained 130 crores in place of 129 because in the meantime the ratio had risen from 1s. 2 $\frac{3}{4}$  to 1s. 5 $\frac{1}{2}$ . The rates of exchange are taken from the memorandum on Currency in the proceedings of the Royal Commission in which these figures are worked out, so that their authenticity is beyond doubt. So 20 millions of sovereigns were mulcted from the people of this country in 1925-26 more than in 1924-25 which represented the high-water mark of retrenchment—in the second year the expenditure was 95 millions, that is, 17 millions more than the high-water mark of retrenchment in 1924-25; and in the current year it is 98 millions, i.e., 15 millions gold sovereign in excess over 1924-25. This 93 millions do not complete the whole story. You will have to add the provincial contributions, as they are in the Budget remitted only conditionally; therefore, if you want really to understand the position, you must add those things, and the figure would stand . . . . .

**The Honourable Sir Basil Blackett:** What have the provincial contributions got to do with our expenditure?

**Mr. Jamnadas M. Mehta:** I am simply telling you for the purposes of the account that the provincial contributions were there.

**The Honourable Sir Basil Blackett:** They were not our expenditure, they were part of our revenue.

**Mr. Jamnadas M. Mehta:** But they were included in order to enable you to incur this expenditure.

**The Honourable Sir Basil Blackett:** The expenditure is not altered by the fact that the provincial contributions are received or remitted.

**Mr. Jamnadas M. Mehta:** What I am saying is that it was the existence of these provincial contributions which enabled you to spend 98 crores. It is their absence which enables you to spend 93 millions only.

**The Honourable Sir Basil Blackett:** No. It is reduction of expenditure.

**Mr. Jamnadas M. Mehta:** These quibbles will not help you. (*The Honourable Sir Basil Blackett:* "Hear, hear.") But I say, Sir, that 93 millions, for 78 millions, represents a difference of 15 millions: so in the course of three years, 20 millions, 17 millions and 15 millions which come to 52 millions of gold, additional expenditure in the course of three years' time has been taken from the people of this country: and yet we are told that our rupee expenditure is going down and that we are having surpluses and giving remissions of taxation. Sir, the late Mr. Gokhale told Government in 1902—and the present time is a repetition of the conditions which prevailed between 1899-1902—an exact parallel—it does not matter who the Finance Member is, whether a gentleman with an international reputation or no reputation at all, the parallel exists—the late Mr. Gokhale said, if you conceal taxation, you take more from the people without their knowing it, and no genius is required to create surpluses under such conditions: I find the late Mr. Gokhale complained on the floor of the Imperial Legislative Council in 1902 that, having taken your level of taxation to the highest pitch possible on account of the fall in the price of silver in 1892, you closed the mints, you maintained your taxation at the same high level and you wanted yet more to spend, and finding it impossible openly to take more, you resorted to this subterfuge of appreciating the rupee, until in the year 1901 and in the year which preceded it, you had bloated surpluses; and Mr. Gokhale said that it was a double wrong to the people of this country to take more from the tax-payer than is necessary and then claim that the country was prosperous. It leads to the extraordinary optimism of the Secretary of State—said Mr. Gokhale—that this country was prosperous. You take by way of taxation more than the people can bear; you take much more in a concealed manner, and at the end of it you come and say that it is a prosperous country.

Now, Sir, as against these 52 millions gold of additional expenditure, what is the remission of taxation that is given to us? Some remission of taxation this year is given, while the provincial contributions are suspended for one year. In the previous year some partial suspension took place, and in the years previous no suspension took place except in the case of Bengal: and for this paltry benefit of a few crores, the Legislature and the country have been made to pay through this dodge of a higher rupee these additional crores which I defy anybody to contradict.

**The Honourable Sir Basil Blackett:** I have contradicted them.

**Mr. Jamnadas M. Mehta:** You have to prove it. Your assertion cannot be taken; the Honourable Member has to prove that these facts and figures are not correct.

**The Honourable Sir Basil Blackett:** I have.

**Mr. Jamnadas M. Mehta:** I challenge him to place these facts and figures before independent experts from outside India, and the Finance Member will stand condemned before that court. Sir, I hope the House will not accept this higher rupee, and I hope the House will unceremoniously condemn the Government attempt to mulct us to the extent of 40 crores by taxation of the kind I have mentioned. Even before the ghost of this Currency Bill was laid low, one Honourable Member from Bombay was mourning over it. I do not find him, my Honourable friend Mr. Haigh, present now. He was almost performing the funeral oration on this Bill. I had not yet said it low but he assumed the role of a mock Mark Antony, and he almost began to address the Members of this House as Mark Antony addressed the Romans—"Friends, Romans, countrymen." Then the Honourable Member also did not hesitate to compare me—although I did not deserve that—to Brutus. The only thing I can say is that with all his autocracy, the Finance Member is not Julius Cæsar, with all my opposition to him I am not Brutus, and with all his enthusiasm, my friend, Mr. Haigh, is not Mark Antony. Therefore it was no use for him to become a mock Mark Antony even before Cæsar was dead, to shed his tears before they had become due.

Turning to the question of higher exchange its evils were mentioned by an important witness before the Currency Commission and after quoting them, I shall leave the House to their judgment on this Bill. The Currency Commission asked that witness what were the relative merits of higher and lower exchange, whether 2d. appreciation of the rupee would make any difference or not or whether it would leave matters as they stood. That important witness stated that 2d. higher exchange meant as follows:

"It means from the point of view of the debtor that his existing money debt becomes a larger one in terms of commodities."

—I come to the admission of this important witness—

"that his existing money debt becomes a larger one in terms of commodities. It means in the case of the creditor that his credit is worth more in terms of commodities than it was before. From the point of view of the wage-earner it is equivalent to an increase in real wages by means that are not as obvious either to him or to his employer as perhaps a direct increase would be. It would probably lead—almost certainly at the present time in view of the recent fall in Indian prices—it would lead to a considerable pressure in some industries, to an actual reduction in wages and possibly a strike. On the other hand it would mean that all those on fixed salaries or those who received customary wages—a great many wage-earners—would be better off in terms of real wages. Its effect, I think, would be worse on the Indian industrialist who is in competition with foreign imports, particularly such industries as the steel industry and the engineering industries generally, which are comparatively a new feature in India, and on the cotton mill industry. It would probably mean a considerable increase in the demand for protection already given and in our protective tariffs—though the effect, of course, would be presumably only temporary, and you may assume that within a comparatively short period of time most of the readjustments would take place; but there are some which take a long time, such as, for example, the rates for postage stamps or railway fares. They are not always brought down or brought up very quickly following on a change of this sort. Then there is the land revenue. There of course one really wants to take a very long view because it changes very slowly."

These are the evils of a higher exchange mentioned by a very important witness and that very important witness was the Honourable the Finance Member himself. Sir, you will find that evidence reproduced in this important document, the publication by the Currency League,

[Mr. Jamnadas M. Mehta.]

the value of which the Finance Member admitted the other day. These important admissions of the effects of a higher exchange are admitted not by a member of the Currency League; they are admitted by the Honourable the Finance Member of the Government of India on page 13 of this valuable document. He will now appreciate the object with which this was printed. And there you find in paragraph 61 the evils of a higher rate of exchange told and written in words of blood. Sir, when the admission of the Finance Member is there in paragraph 61, page 13, of this publication of the Currency League, the evils of a higher exchange need not be proved by an agitator. They stand proved on the official testimony.

(At this stage Rai Bahadur Shyam Narayan Singh, M.L.A., was seized with a fit and Members from all parts of the House ran to his assistance.)

**Mr. President:** I adjourn the House for ten minutes.

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The Assembly re-assembled at Twenty-Five Minutes to One of the Clock, Mr. President in the Chair.

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**The Honourable Sir Alexander Muddiman** (Leader of the House). Before the Honourable Member resumes his speech it may reassure him to know that our unfortunate colleague is under medical treatment and is likely to be better in a short time.

**Mr. Jamnadas M. Mehta:** Now, Sir, everyone will feel relieved that our Honourable friend is improving and, I hope, as the Honourable the Home Member has said, he will soon return to this House.

Resuming the thread of debate, I only want to make two more points. One is that this Bill can be described as a short cut to surplus budgets. This Bill is merely a short cut to surpluses; these are not the methods by which surpluses should be raised. Surpluses are the result of growing prosperity, of great trade, of great productive and manufacturing activity in the land. These surpluses ought not to be surpluses due to exchange; the Commission has said exchange should not be used as a lever for lowering wages; nor should it be used for increasing taxation and expenditure. You will find if you refer to the cost of civil administration and military services that the cost of civil administration has gone up with prices going down. Since 1924-25 prices have on the whole steadily shown a downward trend, and yet what do we find? We find that the civil administration in 1924-25 cost us 59 millions; to-day, in 1926, it costs us 80 millions. With prices going down civil administration costs us 26 millions more. In the next year it will cost us 26 millions more, with prices going down, so that the prices going down it threatens to cost us 86 millions against 60 millions. Yet in the rupee figure you find that the civil and military expenditure is shown as having decreased. In military expenditure you find a reduction of nearly 7 crores as against that in 1924-25, and the House becomes jubilant and the Honourable the Finance Member congratulates himself that he has reduced military expenditure. If you measure the cost of military establishment now, you will find that though the rupee cost remains the same in gold military expenditure has risen from 38 millions to 42 millions, and that is why the exchange is required to be high. The costs in gold are growing, civil expenditure and military expenditure, the

cost of establishments is growing, and therefore it is only by the lever of exchange they can show it to be lower in terms of rupees, while in reality it is millions and millions above what it was in 1924-25. The Honourable the Finance Member, in replying to one of my points in the general debate, said, "Oh it is no use comparing the figures of 1916-17 with the present figures because prices have risen." What is his answer to this? Prices may have risen since 1916-17; but in the last three years, with prices steadily going down, what is the explanation of the going up of the military expenditure from £38 millions in 1925-26 to £44 millions in 1926-27 and £42 millions in the budget year? These are the reasons why the exchange is being kept high for the purpose of concealing the expenditure all round and meeting higher expenditure all round. Although in rupees it appears to be low, in gold, which is the international value of commodities, it is rising. And after all this heavy expenditure is incurred through concealed taxation we are given a crumb here, relief of taxation there, and we are expected to be grateful. When I remember that all this nominal reduction of expenditure and even the remission of the provincial contributions is coming out of the pockets of the poor agriculturists and the manufacturer in India; when I find that the only method for the remission of the provincial contributions is that the agriculturist will be mulcted by 40 crores a year for years and years more, then I say, Sir, I shall have nothing to do with these remissions which are dipped in the blood of the agriculturist and the producer. I make a present of them to the Honourable the Finance Member and I hope the House will make a present of it too and reject the 1s. 6d. ratio.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, Mr. Jamnadas Mehta has spoken for about 57 minutes, during which time he made several points, and as I do not propose to occupy the time of the House to anything like that length, I shall be unable to deal with all of them. But I do propose to attack a few.

Sir, I have not addressed the House before on the question of currency. I know it has been debated on the floor of this House times out of number. It has been discussed by the mathematicians of Bombay on the Railway Budget on the General Budget and on every possible occasion, and I am fairly pleased that at last, in discussing clause 4 of this Bill, we have come to grips with the question. Now I propose to discuss this matter, taking as my text some words which my Honourable friend Sir Purshotamdas Thakurdas concurred with:

"The Commissioners say in paragraph 77: We are unanimous in holding the view, and indeed it is a proposition which it would be difficult to controvert, that if it can be shown that prices have to a preponderant degree adjusted themselves to the existing *de facto* ratio, then that ratio must be adhered to."

The logical conclusion of that is that Sir Purshotamdas himself agrees with us that whether 1s. 4d. or 1s. 6d. is decided upon as the theoretical rate is a matter of purely academic interest. It would be all the same to India in the long run whatever the rate may be. . . . .

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Perhaps the Honourable Member will read paragraph 65 of my Minute of Dissent which refers to this. It is a very short paragraph.

**Sir Walter Willson**: Sir Purshotamdas has addressed this House in the currency debates a great many times. I have never interrupted him and

[Sir Walter Willson.]

I hope he will not interrupt me. The statement in which he concurred is quite definite and it is capable of the interpretation which I have put upon it.

**Sir Purshotamdas Thakurdas:** Not at all.

**Sir Walter Willson:** It is generally admitted, at all events by others that, in the long run, at the ultimate conclusion, it is of no consequence whether the rate is fixed at 1s. 4d. or 1s. 6d. or something else, as in the end all prices and everything else must adjust themselves to the rate. That is common ground, if there is any common ground at all in this debate. So that, although some may regret that the 1s. 4d. rate was ever, I will not say abandoned, but lost, it is a matter of no consequence.

Now here let me digress for just a few moments. Sir Purshotamdas accused the Government of India of having confronted the Royal Commission with a "*fait accompli*," to quote his own words: of "not having hesitated by manipulation to keep up the rate even while we were in session." Now what would Sir Purshotamdas Thakurdas have wished the Government to do? Would he have wished the Government to wait until the rate was stable within 3/16ths of 1s. 6d. and then, while the Commission were sitting, suddenly cast it loose? Would a crew of a ship, having just grasped the ends of a storm-tossed sail, immediately let it go again while they were seeking for ropes with which to peg it down?

Now as to the main question, has the cost of living adjusted itself to the new rate? I admit frankly that the reasons which satisfied nine-tenths of the Royal Commission, Sir Stanley Reed, Mr. Shroff and a great many other authorities are sufficient to satisfy me, but not without examination. Sir Victor Sassoon made a speech the other day in which he tried to show that the fall in prices concurrent with the rise in the value of the rate from 1s. 4d. gold—Sir Victor Sassoon invariably speaks in terms of gold so we may as well recognise that—amounted to only 1·333 per cent. That speech was so plausible and it summarised so well the general position of those who favour the 1s. 4d. ratio that I should like to make some remarks upon it. It is true that the cost of living has not appreciably fallen since the rupee rose to 1s. 6d., but my Honourable friend, if he wishes to cite statistics, must look into the calculations and not be merely satisfied to jump to the answer which he may read. Take the "Index number of wholesale prices in Calcutta" given at page 330 of the Indian Trade Journal. If we take the case of food alone—and that is fair to my friend because food is really grown in the country and therefore should be the strongest evidence for the case he has tried to make out,—food prices in October 1924, when the rate was at 1s. 4d. were relatively low, that is for post-war prices. This was partly due to successive good harvests and partly to the known fact that after a war in all countries agricultural produce is low compared with other articles. Mr. McWatters says in his Memorandum, Volume II, page 40, paragraph 1:

"It may be said that the level of food prices is admittedly below the general average. . . . though certain other agricultural produce, e.g., raw cotton, are standing at a much higher level."

I shall take the index figures of wholesale prices in Calcutta, given at page 330 of the Indian Trade Journal of February 17th, 1927. I will cite the Bombay figures later to my friend if he wishes, but the fact is the



Calcutta figures are more reliable, and the Currency Commission themselves at page 69 of their Report reported it so, because they include a wider range of articles. They have included 71 as against the 42 which appear in the Bombay list. Taking these figures Mr. McWatters' statement, his evidence, is strikingly confirmed and verified by comparing wholesale prices in October, 1924, and January, 1927, the latest figures obtainable.

Generally speaking, about half the cost of living of the cooly is made up of cereals and pulses and about half of other foodstuffs, oils, tea, etc. Now the price of cereals and pulses was unusually low in October, 1924, as a result partly of the stimulus to production given by the War and partly of favourable monsoons. The explanation is supported by the figures which I propose to put before the House. Cereals and pulses have risen considerably in price—especially pulses. Cereals have risen from 138 to 143, pulses from 118 to 155. But for the rise in the value of the rupee, it is fair to assume that the rise in prices would have been greater. On the other hand, every other article of food has fallen:

sugar from 222 to 184,  
tea from 213 to 140,  
other foods from 217 to 165,  
oil seeds from 155 to 141,  
oil mustard from 115 to 114.

The same table I may mention shows a fall in every other item except teakwood, but so far as I know only the Honourable Sir Charles Innes lives on wood eating a pencil a day. (Laughter.)

The result is that owing to the specially low prices of cereals and pulses in 1924 the index numbers do not show a greater fall in general prices than 30 points from 146 to 116 or 17 per cent. The same seems to be still further confirmed by the Bombay wholesale index figures; but here I can only make a comparison between October, 1924, and December, 1926 (the January figures were not ready). I find that:

cereals rose from 141 to 143,  
pulses from 95 to 131,  
sugar fell from 196 to 156,  
and other foods from 263 to 144,

a general fall for food above of 27 points, and general wholesale prices from 181 to 146 or 19·3 per cent. Now these are of course wholesale figures. I want to make that plain because Sir Victor Sassoon quoted I believe retail figures. I wanted to show in the first place that 1924 was a year in which cereals and pulses were exceptionally cheap.

The second point I wish to make is more important. By showing that the prices of cereals and pulses have risen and the prices of all other foods gone down I have adduced some considerable evidence that prices have adjusted themselves to the existing ratio and that was the point I was engaged upon.

Sir Victor in that speech of his appeared before this House in the white raiment of the penitent. He had been right in telling the Commission

[Sir Walter Willson.]

what the losses to his pocket were, but he was wrong in telling the House what the gains to the stomach of the millhand were. He thought it was  $12\frac{1}{2}$  per cent. in both cases, but now he knew he lost  $12\frac{1}{2}$  per cent., but the millhand had only gained  $1\frac{1}{2}$  per cent. So when he put down a rupee it was 1s. 4d. plus  $12\frac{1}{2}$  per cent. but when the millhand picked it up he only picked up 1s. 4d. plus  $1\frac{1}{2}$  per cent. That is a very strange phenomenon, the House will agree!

"At the moment I must not overlook the question of "lag". I am not concerned to deny the existence of lag. It is a slow and laborious process and I only mention it here to show that I have not overlooked it. But while there is a lag I do not for a minute admit, as it is apparently attempted to be shown by the other side, that that lag is permanent. This brings me to the question of the ryot in relation to the ratio. We are accused of wishing to deprive the ryot of the improvement which, it is admitted, has taken place in his lot since 1914. The gold price for crops has risen since 1914 by between 40 and 50 per cent. The rise in wages has gone up even in the last five years in, say the tea gardens, by 30 per cent.

Sir Victor Sassoon in answer to question No. 5059 appears to admit that he could not see why "any advantage which came fortuitously was not to be taken away. We are taking away the advance they got by luck and never expected". Sir Purshotamdas Thakurdas himself devotes fifteen paragraphs in his Minute to proving that millhands are getting too much and he said in the House the other day that their wages will have to be reduced. So a fortuitous gain by ryots is fit and proper; by Bombay millhands it is wrong, iniquitous.

**Sir Purshotamdas Thakurdas:** Your whole reasoning is wrong.

**Sir Walter Willson:** But I do not for one moment admit that the ryot will be unjustly treated. It is said that the price which the agriculturist gets for his crops is fixed by the world prices and that, I think, is almost incontrovertible—at any rate it is true to a very large extent. The argument then goes on to show that he practically does not benefit by a fall in prices. That has been dealt with, by other speakers I think, but we must not forget that the prices of home-produced articles are influenced and indeed controlled by the prices of foreign articles. Is not that the very complaint now, that Bombay cloth is affected, driven down in price by the imported cloth? Even if the ryot does not benefit immediately directly—and again I do not deny that there is such a thing as lag—he gets his benefit indirectly as has been fully dealt with already by other speakers in the course of different debates; and I do not propose to go over the same ground again.

There is in my opinion an economic fallacy implicit in many of the arguments used by the other side. They seem to assume that it is harder to maintain exchange at one rate than another. No doubt it is harder to instal a higher rate or a lower rate; but once a rate is established, it seems to me to make very little difference in resources to maintain it.

Now, Sir, another argument which was used yesterday by Sir Purshotamdas Thakurdas was that the rise in exchange had adversely affected the purchasing power of the cultivator. I think I am right in saying that this is the main argument on which Sir Victor Sassoon and other millowners rest their claim, that a reversion to 1s. 4d. will result in a benefit to the cotton industry. They say "Let the cultivator have more rupees for his produce and then he will be able to pay higher prices to us for our cotton manufactures." In other words, the more rupees he will get for his surplus produce the more rupees he will pay out for what he has to buy. As I understand this argument it amounts to this: drop the rate of exchange from 1s. 6d. to 1s. 4d. and the cultivator will get 11 per cent. more rupees for his produce. Now, whom is the cultivator to get these extra rupees from? Only a small proportion of India's total crops is exported. Therefore only a small proportion of these extra rupees are received from outside India. Take rice, for example. Only 8 per cent. of the total rice crop is exported. Who will pay the extra price for the other 92 per cent.—the total consumed in the country? Take wheat, of which only some 7 per cent. of the total crop is exported. Now who will pay the extra price for the other 93 per cent? I say, the wage-earners, the middle classes, the clerks in offices and other consumers of that description; they are the people who will have to pay these extra prices to cultivators in order that they may pay higher prices to cotton mills for their manufactures.

Now, what are the cotton mills to do with the extra rupees they are to get from the millowners? The optimistic millowners say "Convert our manufacturing losses into profits; these extra rupees having come to us, do not go any further". The millowners and the cultivators are to shake hands and be very thankful that exchange has been reduced from 1s. 6d. to 1s. 4d. to provide more rupees to the cultivator to pass on to the millowners. But does the simple-minded millowner imagine that this is all that happens? Is he not aware that the wage-earners and other classes of consumers from whom these cultivators get these extra rupees are likewise consumers of the mills' manufactures? They also consume the mills' manufactures, and as such, they are also expected to pay higher prices for their cotton clothes. But unlike the cultivator they have not got any extra rupees with which to pay the higher prices. What happens? The wage-earner goes to his employer, he goes to the millowner and says, "If I must pay higher prices for my rice or other foodstuffs, I want higher wages to enable me to meet the increased cost". Obviously the vicious circle goes on.

Sir, opinions are very greatly divided as to whether it is advisable now to fix the ratio at 1s. 4d. or at 1s. 6d. The advocates of 1s. 4d. have been extremely vociferous, but what is the calm and considered opinion of the various Chambers of Commerce? They trade; they are the exporters and the importers of the trade of this country. They are also the greatest debtors and the greatest creditors (or amongst them) in the country. and with a single exception where the decision is not unanimous, they are all in favour of 1s. 6d.

In a nutshell, it comes to this. As I said in the beginning, over a given period, it matters nothing whatever. But when you are trying to take a step to fix exchange, it is better to fix it in the neighbourhood of what it is, than make any drastic upheaval and put it upon another basis with all the dislocation that it is bound to bring about.

[Sir Walter Willson.]

So much has been said about the interests of the ryot that I should like the House to consider it even from the point of say, the tea companies. Surely, tea is an agricultural industry first and foremost. Nevertheless, the Indian Tea Association are definitely in favour of fixing the exchange at 1s. 6d. I want to be clearly understood on that point, because reference has been made to the fact that my Honourable friend Mr. Chalmers here who represents the planters of Assam is in favour of 1s. 4d. He is of course at liberty, as every other Member of this House, to hold what views he likes, but the view of the Tea Association, the view of the producing companies who have to sell their tea abroad, is definitely in favour of fixing the exchange at 1s. 6d. They know the argument that has been made here that the agriculturist will receive more rupees for their produce at the 1s. 4d. rate is fallacious. They know that they are paid for their commodities in terms of gold, and that it is of no consequences to them to reduce the ratio as wages and charges would have to go up, even though from the point of view of the labourer there is a lag.

Well, Sir, I have just one further remark to make. I read in the Indian News Agency Telegram this morning the following telegram:

"New Delhi, 7th March. Following telegram been received from Secretary of the Bengal Chamber of Commerce. Considering exchange moving round 1s. 6d. for the last four years in view of interest of vast population using cloth and other imported commodities also vast majority of wage-earners being buyers of surplus agricultural produce and importers machinery for growing industries as also to exclude possibility of re-instituting provincial contributions and enhanced taxation, Chamber supports the ratio of 1s. 6d."

Sir, that telegram is not from the Bengal Chamber of Commerce who, since they gave their evidence in favour of 1s. 6d. before the Royal Commission, have steadily adhered to it, but from the Bengal National Chamber of Commerce who have now come round to this way of thinking.

**Mr. Ghanshyam Das Birla** (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): Sir, I rise to support the amendment which has been moved by my friend, Mr. Jamnadas Mehta. I do so on behalf of a constituency, which is mainly agriculturist, and which I have the honour to represent in this House. Besides this, Sir, I support this amendment on behalf of the Indian Chamber of Commerce of Calcutta of which I happen to be President and which is representative of almost all forms of interests such as of importers, exporters, bankers, industrialists, insurance companies, and shipping companies. (Mr. K. Ahmed: "And the cultivators?") I am representing the cultivators in this House. I represent a constituency which, as I have already mentioned, is mainly an agriculturist constituency. (Mr. K. Ahmed: "They can be bought over.") Being myself a zemindar, Sir, I can claim to speak on behalf of the agriculturists, of the 3,000 poor tenants who live in my zemindari. Sir, before I proceed to meet the arguments advanced by the supporters of the 1s. 6d. ratio, I would like to address a few words through you, Sir, to the Honourable Members of this House. Sir, when Sir (then Mr.) Dadiba Dalal made his recommendation in favour of 1s. 4d., and appended his minute of dissent to the Babington Smith Committee Report the whole country lodged its strong protest against fixing the ratio at an artificial rate of two shillings. Unfortunately, in the Legislature of that time we had not an elected majority, and therefore with an autocratic bureaucracy, the Government was in a position to put on the Statute-book the ratio of two shillings. Now, Sir, things are quite different to-day. Fortunately,

we have got a Legislature which consists of a majority of elected Members and therefore, Sir, our responsibilities are very great. Sir, it is well known that the entire country has sent its protest against the artificial ratio of 1s. 6d. which is proposed to be put on the Statute-book by the Government. Sir, thousands of telegrams and petitions signed by thousands of people all over the country have been sent in to the Members of this House. (*Mr. K. Ahmed*: "They are interested persons.") All the Indian Chambers—my Honourable friend, Sir Walter Willson, when he was referring to the Chambers of Commerce probably had in mind only the European Chambers of Commerce (*Sir Walter Willson*: "The Bengal National.")—all the Indian Chambers of Commerce have unanimously protested against the ratio of 1s. 6d. (*Sir Walter Willson*: "Not the Bengal National.") Sir, even the Bengal National put forward their views before the Currency Commission in favour of 1s. 4d. (*Sir Walter Willson*: "But they have now changed their minds.") And it would have been better, Sir, if Sir Walter Willson had inquired of the Bengal National Chamber of Commerce whether this telegram which is received just now is a telegram sent by the Chamber after carefully reconsidering the question at its general meeting, or whether it is only a telegram sent by the Secretary or President as the case may be without consulting the other members. Sir, I am myself a member of the Bengal National Chamber of Commerce and I can tell the House that never in my presence, or to my knowledge has this question been reconsidered or re-opened at a general meeting of the Bengal National Chamber of Commerce, and therefore it is unfair on the part of the Secretary of the Bengal National Chamber of Commerce to circulate such telegrams among the Members of this House.

**Sir Walter Willson**: On a point of personal explanation, Sir. I trust that the Honourable Member did not understand that that telegram was sent to me. I was careful enough to say that it appeared in the "Indian News Agency" telegrams.

**Mr. Ghanshyam Das Birla**: But it does not make any difference. Anyhow, the duty of this House and particularly of the elected Members is very clear. It is rather significant, Sir, here that even some of the Provincial Governments have not been able to give their wholehearted support to this ratio of 1s. 6d. The Punjab Government says:

"In regard to the rate at which the rupee should be stabilised there is some difference of opinion. On the understanding that the rupee can be maintained at a rate corresponding to an exchange ratio of 1s. 6d. the Governor in Council accepts by a majority the arguments of the Currency Commission in favour of that rate." It is to be noted here that the Punjab Government—the Government of a province which is entirely agriculturist—find it impossible to give their wholehearted support in favour of 1s. 6d. and extend their support only on a certain condition. That condition is, only if the ratio can be maintained at 1s. 6d. Then and then alone can they support this ratio. Even then, they support it only by a majority and not unanimously. Sir Malcolm Hailey knows very well what it means to maintain an artificial ratio and having regard to his past experience I may take it, Sir, that he has thrown a friendly hint to Sir Basil Blackett, "Think twice before you launch on this new wild project." The Bombay Government has been wise enough not to express any opinion on this matter. Mr. Thompson, the Dean of the Faculty of Commerce and Economics in the Allahabad University, can not support 1s. 6d. and says:

"In the United Provinces there are now many settlements which were made before 1914 when the ratio was 1s. 4d. and it would seem unjust that this should be increased in terms of agricultural produce by 12½ per cent."

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He says that "there should be something sacred about the standard of value," and his conclusion is: "Therefore, on the whole, I favour keeping the old rate of 1s. 4d."

Mr. Darling, Commissioner of Income-tax in the Punjab, a province which is almost entirely an agriculturist province, submits this opinion:

"The rate proposed has the obvious advantage of approximating to that which has been more or less in force for the last two years. Its drawback is that in benefitting the consumer, the importer and creditor at the expense of the producer, the exporter and the debtor, it is likely to operate to the disadvantage of the agricultural community, that is to say, to the disadvantage of the majority of this country."

I have deliberately cited the opinions of these gentlemen because these are authorities who can claim to represent the agriculturists' opinion and they go clearly to prove that 1s. 6d. is not in the interest of the agriculturists. As I have stated, Sir, apart from the agricultural interests we have been receiving strong protests from all parts of the country against fixing the ratio at the rate of 1s. 6d. I wish to say to the Members of this House that their duty is very clear. It is quite possible that the Government may be able to carry this measure through, with the support of nominated Members, mysterious brokers, reputed contractors and pampered professors, but I may say, Sir, that even if we are defeated, our defeat will be glorious and if the Government are victorious, their victory will be the victory of wrong over right. I again beg to appeal to this House to vote solidly against the 1s. 6d. ratio with one will and one voice. I wish to address a few words to the European Members of this House. Unfortunately during the days of the Reverse Councils policy they played a "rather sorry" part by supporting the Government in favour of 2s. I am sure they must be rather regretful to-day that they extended their support to the Government and I hope that if they are capable of learning anything from the bitter experiences of the past they will pause to reconsider their attitude before blindly following the Government and going into the wrong lobby. I wish to tell my European friends in this House, that although they were not all of them born and bred in this country, they have eaten the salt of India and I hope they will not be untrue to the salt. I will also remind them of the message of His Majesty the King Emperor in which His Majesty said:

"I earnestly pray that in the Council House about to be opened wisdom and justice may find their dwelling place."

I have not the least doubt about their sense of wisdom, but I hope, Sir, that they will also prove to the Indian Members that they are not without a sense of justice.

To come to the main point, I should like to say, Sir, that for the last six months the Honourable the Finance Member has made great attempts to canvas opinion in the country in favour of 1s. 6d. I have had the honour of listening to his speeches and of reading his speeches. I also had the honour at the Indian Chamber of Commerce, of listening to his 11 points, which is one more than the well known Ten Commandments and three less than the famous 14 points of President Wilson. The Finance Member makes a complaint that we did not reply to his eleven points. I beg to submit, Sir, to this House that the Honourable the Finance Member was our distinguished guest and we did not desire to put him to any inconvenience as he definitely told us then that the time at his disposal

was very short. But we did not fail to discuss these 11 points in the press. Not only that. I personally after replying to his 11 points put him 9 questions in the press which have not up to this time been replied to by the Finance Member.

**The Honourable Sir Basil Blackett:** If the Honourable Member will permit me, I said no serious reply had been made to my 11 points.

**Sir Purshotamdas Thakurdas:** That is a question of opinion then.

**Mr. Ghanshyam Das Birla:** Our serious reply or question is not taken as such by the Honourable the Finance Member. He did not care to reply to the nine points we put to him and as I know my friend Sir Purshotamdas is going to reply to his 11 points in detail, I need not detain the House on that point. Sir, what did we find in the speech of the Honourable the Finance Member which he delivered yesterday. He began with the word "stability" and ended with the same. Sir, I do not at all disagree with the Finance Member that we ought to achieve stability. I am at one with him there, but it all depends on the sacrifice we have to make to achieve that stability. I cannot understand why the Honourable the Finance Member forgot all the charms of stability when Sir Purshotamdas Thakurdas wanted to bring in a Bill in the last Legislature to stabilise the rupee at 1s. 4d. I wish, Sir, that he had shown the same love for stability which he is now showing. I again wish to assure the Honourable the Finance Member that I want stability but I want it at the proper rate, at the natural rate and not an artificial rate. Sir, we all know that during the abnormal period of the War almost every currency was driven away from its moorings. Now, Sir, if three years back any one in England had suggested that sterling ought to be stabilised at its depreciated value I know what reply he would have got from Englishmen; and yet, Sir, in India the Government have the courage to discuss a measure which violates the sanctity of the standard of value.

Now, Sir, the Finance Member has repeated in all his speeches two arguments in favour of 1s. 6d. One is that the 1s. 6d. is the *de facto* ratio, and the other is that prices have adjusted themselves to the new ratio. Now, Sir, I do not think the Honourable the Finance Member means to say that it takes a very long time for those commodities which are either exported or imported from foreign countries to adjust themselves to any new ratio. I agree that it does not take even longer than a week for commodities which are imported or exported to adjust themselves to any ratio, whether it be 1s., or 2s. or 10s. But the real question is, whether the prices of those commodities, which are produced internally and consumed internally, have adjusted themselves to the new ratio. I want to ask the Honourable the Finance Member to prove by figures whether the general level of prices is adjusted to the new ratio of 1s. 6d. And, Sir, it ought to be borne in mind that after all our foreign trade is only about 5 to 10 per cent. of our total internal trade. Therefore, until he can prove that the general level of prices has been adjusted, it does not lie in his mouth to say simply arbitrarily that the prices have adjusted themselves. Sir, I feel great regret that this question of adjustment was not properly tackled even by the Currency Commission. Index figures have been cited from time to time. They tell quite a different tale. Yet those who were determined to give their verdict in favour of 1s. 6d. did not want to see what the figures showed and did not want to

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listen to what the figures said. Sir, I would again like to place the index figures before this House, because they have only just now been cited by my Honourable friend Sir Walter Willson. Now, Sir, at present the Calcutta index figure is 146, the United Kingdom figure is 152 and the United States figure is 148. That is, the average of the world stands to-day at 150 as compared with 146 of Calcutta. Now, Sir, these index figures are based on 100 for a period of time when the exchange ruled at 1s. 4d. Therefore, in order to bring a proper equation between these two index figures, the Indian index figure ought to be 11 per cent. lower than the world index figure; that is, at the world index of 150 the index figure should be 134½ or something like that. Sir, I want to put this question to the Honourable the Finance Member—whether I am correct or not in assuming that, in order to bring about an equation between the Indian index and the world index, on the basis of the new ratio, the Indian index figure ought to be about 11 per cent. or something like that lower than the world index figure. The Honourable the Finance Member might say that since then a lot of new tariffs have been imposed. I quite agree with him. Let him find out what those new tariffs are. These index figures are based on the average of prices of nearly 70 articles. Out of them only about 10 or 12, whatever that may be, are imported articles. Let him find out what was the tariff as it stood in pre-war days, and how the duties on imports have increased since then. I of course have found it out, and I can say with all the emphasis at my command that he will be able to find out from the index figures that prices have adjusted themselves only to the extent of four per cent. and still 7 per cent. or more has to be adjusted. If he finds that I am wrong in my figures, let him come forward and prove to the satisfaction of this House that I am wrong and he is right.

**The Honourable Sir Basil Blackett:** I want to be able to follow the Honourable Member. What do 4 per cent. and 7 per cent. mean? That makes 11 out of 100. The Honourable Member says that prices have adjusted themselves to the extent of 4 per cent. and still 7 per cent. have to come; that makes 11.

**Mr. Ghanshyam Das Birla:** To the extent of 11 per cent.

**The Honourable Sir Basil Blackett:** I see the 11 per cent.

**Mr. Ghanshyam Das Birla:** Now, Sir, so far about the index figures. He may say that the index figures are not reliable, but then I would suggest to him, is it right to use the index figures when it suits his purpose and to say that they are not reliable when it does not suit him? Either he has to rely on the figures or find out some new method of proving that the prices have adjusted themselves. But, Sir, as I said just now, it is quite possible that 5 or 10 or 15 years hence prices may adjust themselves to the new ratio but they are not adjusted to-day. But what happens after this? I ask, what happens after the prices are adjusted fully? Then begins, Sir, a new era of trouble. The debtor begins to lose to the extent of 12½ per cent. to the advantage of the creditor, to the advantage of the Shahukar, to the advantage of the Government. When the prices are fully adjusted, every public servant who is in receipt of a salary gets it increased by 12½ per cent. Similarly, all taxation is increased by 12½ per cent. Sir, this has been admitted even by the Right



Honourable Hilton Young, who was the Chairman of the Currency Commission, and he said it in so many words in his paper *The Financial News* that if the Government was going to adopt a ratio of 1s 6d., the land revenue ought to be reduced by 12½ per cent. Sir, Mr. Kisch in a note which he submitted to the Currency Commission said:

"It should be noted in this connection that an important part of their (i.e., Local Governments') income is derived from land revenue, which is either permanently fixed or only capable of slow expansion over an extended period."

And now, Sir, simply by a stroke of the pen the Finance Member wants to unsettle the settlement of land revenue, he wants to increase taxation, he wants to increase the capitalist's capital to the disadvantage of the agriculturist, the tax-payer, the debtor, and so on. Now, Sir, let him say whether it is correct or not that after the adjustment the debtor begins to lose to the advantage of the creditor and that the Government revenues are increased automatically to the extent of 12½ per cent. I maintain, Sir, that before the prices are adjusted, we have got one kind of sufferings. Until the prices are adjusted, the foreign importer is encouraged to the disadvantage of the native exporter, and when the prices are adjusted, the debtor, the tax-payer, begins to lose to the advantage of the creditor, the Government.

Now, Sir, the other argument of the Honourable the Finance Member is that this is the *de facto* ratio. Now, Sir, the history of this *de facto* ratio is very interesting. We all know, Sir, that India is in a peculiar position of exporting or selling more than of importing or purchasing. She has to receive a large surplus from the foreign countries and in order to get that surplus converted into local currency the Indian exporter has to depend upon the mercies of the Government. If the Government refuses to supply any new currency, the consequence is that the rupee must rise. This is the position in which we are situated. Mr. Kisch of the India Office provided a statement to the Currency Commission in which he said that in pre-war days the annual absorption of currency amounted to about 22½ crores of rupees. Now, Sir, if we accepted that figure as correct—and I do not know, Sir, what the Honourable the Finance Member thinks to be the correct figure for the present time—there should have been an expansion of currency to the extent of about 140 crores during the last 6 or 7 years. Instead of that, what do we find? Sir, the Finance Member contracted currency to the extent of about 45 crores up to August 1924, and since then he effected a further contraction of about 16 or 17 crores up to February 1927. During the last seven years he effected contraction to the extent of about 60 crores, while we should have had in this period an expansion of about 140 crores. Now, Sir, he might say I am not correct, that he is correct. But he ought to justify the ground or grounds on which he contracted the currency. If we take the figures of our exports, of the balance of trade in favour of India, of general production for the last seven years as compared with 1914 or 1913, we find that in every direction there has been an increase. We find that while the average crop of rice in 1911 to 1915 was about 283 lakhs tons, the average from 1921 to 1926 was 313 lakhs tons. Similarly the crop of tea increased from 29 crores lbs. to 34 crores lbs. So with regard to cotton yarn, piece-goods, jute manufacture, coal, petroleum, raw sugar, ground-nuts, in every direction, production has increased in India as compared with 1913 or 1914. Again, the population as compared with 1913 has increased. The balance of trade in favour of India has increased and the prices stand 75 per cent. higher than in

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pre-war times. Therefore, it will be rather enlightening to know, how with an increased price, with increased production, with an increased trade balance, with an increased population and with increased internal trade the Honourable the Finance Member could justify the contractions which he has effected during the last six years. He might say, Sir, that the currency was redundant. But even the man in the street can understand that when there is scarcity of a commodity, its price goes up; when there is excess supply as compared with the demand, the price of the commodity goes down. And what do we find, Sir, to-day? Has the price of the rupee increased or decreased? We find to-day the price of the rupee is ruling at 1s. 6d. instead of at 1s. 4d. And what is it due to? It is due solely to the reason, that the demand is more than the supply. This very fact that the rupee is dear goes to prove that we require more currency in the country than the amount existing at present, and therefore there is no ground for justification of this huge contraction which the Honourable the Finance Member has effected during the last seven years.

I hope, Sir, when the Honourable the Finance Member gets up to reply to all the arguments which have been advanced from this side he will take the trouble to explain to us on what ground he has contracted this huge amount of currency during the last seven years, while an expansion was rightly due. I think it is his duty to explain this to the Members of this House and I hope he will take the opportunity of doing so.

**Mr. President:** If the Honourable Member desires to continue longer than five minutes, I think he had better continue his speech after the recess.

**Mr. Ghanshyam Das Birla:** I don't think, Sir, that I will take more than ten minutes.

Now, Sir, it could be proved further by the telegrams which passed between the Secretary of State and the Finance Department as to whether this is a natural or an artificially puffed-up ratio. Mr. Jamnadas Mehta has already read part of the correspondence which was exchanged between the Secretary of State and the Government of India, but this is so very interesting that I propose to read some more extracts from the same. Sir, after effecting a large contraction in currency the Finance Department decided that the exchange should be stabilised at 1s. 6d., but unfortunately the Secretary of State wanted that exchange ought to be allowed to go higher than even 1s. 6d., and this explains this protracted correspondence between the Secretary of State and the Government of India.

The Finance Member wired to the Secretary of State in October 1924:

"It is now beginning to be realised generally that the stringency in the market is the direct outcome of Government action in contracting currency, or rather in placing strict limits on possibilities of expansion."

He stated further:

"There is a serious risk of a financial crisis if we keep the screw on too tight."

And he then proceeded to say:

"The general policy which we have tentatively in mind would be . . . to fix in our own mind on 1s. 6d. sterling as the figure at which we desire to stabilise rupee so long as this primary purpose is not endangered, which is only likely in the event of renewed falling in gold value of sterling; and to wait until gold and sterling are on a par before fixing the rupee by Statute."

This was a telegram which the Finance Member sent to the Secretary of State in October 1924, which shows that it was long before this the Government of India had made up its mind to fix exchange at 1s. 6d. But, Sir, at the same time the Government of India realised the difficulty of fixing exchange at 1s. 6d. in the teeth of strong opposition, and therefore they wired to the Secretary of State:

"But we realise that questions of such fundamental importance should not be decided without a formal inquiry by some kind of Committee."

"Formal enquiry by some kind of committee" is a phrase the significance of which I think will interest the House. I am sure after reading these telegrams some of the Members like Sir Maneckji Dadabhoy, will not feel proud of having served on a Commission which in the words of the Government was to conduct just a "formal enquiry".

Mr. Jamnadas Mehta in his speech on the 5th August stated that he had been asked by a knight moderate, a member of the Council of State, whether he had seen the Report of the Currency Commission. When asked to explain what he meant, the knight member remarked that the report had already been written out and that it required only to be signed. We can now see that Mr. Jamnadas was not far wrong in his reading of the situation. However the Finance Member sent a further wire to the Secretary of State:

"Increase in the rate beyond sixteen pence is to be deprecated in the best interests of the country and that both Indian exports and industries would be adversely affected by any higher rate."

The telegram went on further to say:

"We believe that an opportunity which may not recur is offered at the present moment of obtaining general acquiescence even in Bombay in a policy which will give us a permanently higher rate than 1s. 4d. gold. We regard it as of great importance, politically, quite apart from financial merits, to take commercial opinion along with us in this matter."

To which, Sir, the Secretary of State replied by wire, and his reply practically amounted to "Well done, Blackett!" He said:

"I appreciate vigour and skill with which case for postponing this issue has been expounded on numerous occasions by Finance Member despite strong pressure from certain quarters for attempting forthwith permanent solution."

I am afraid those "certain quarters" were none other than the Indian Chambers of Commerce. Now, Sir, this goes to show that the Government of India had made up their mind long ago that the rate ought to be fixed at 1s. 6d. Therefore, it is not fair now to say that having got a *de facto* ratio we are doing only what we cannot help. I do not wish, Sir, to take up any more time of this House, although I wanted to touch on a few other points. I can quite see the time for lunch is arrived and therefore we must adjourn. I will therefore conclude my remarks with an appeal to the House. The statement by the Government that 1s. 6d. is not a rate brought about by manipulation is not correct, as can be seen from facts and figures, especially the telegrams which have passed between the Secretary of State and the Government of India; the prices have not adjusted themselves to 1s. 6d. And therefore all of us, at least all the elected Members, ought to oppose the Bill. Whatever happens, whether we win

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or are defeated, I hope all the Members who realise their duty and responsibility will vote in favour of the amendment moved by my friend Mr. Jamnadas Mehta. (Applause.)

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

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The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

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**Mr. Kikabhai Premchand** (Bombay: Nominated Non-Official): May I request of the Chair to let me come up as my voice is not very strong.

**Mr. President:** The Chair is prepared to make an exception in the case of Mr. Kikabhai Premchand as he says his voice is low.

**Mr. Kikabhai Premchand:** Sir, so much has been said and written on this issue—the ratio at which the rupee shall be stabilized in relation to gold—that there is little which can be profitably added to the discussion. I do not pose as a “currency expert”, nor am I a theorist, nor an economist; but in the capacity of a plain business man I wish to express my conviction, which is not a new one, but is based on the close study of industrial and commercial conditions, and has been held from the commencement of this controversy, that the rate of stabilization should be one shilling six pence to the rupee, which is the best in the interest of India as a whole. If it were sought to make a lower ratio effective, the result would exercise a seriously detrimental effect on the prosperity of the country.

Sir, the Royal Commission, which investigated with such patience and completeness the Indian currency question, held before it one firm objective, the stabilization of the rupee in relation to gold on a basis which would cause the least possible disturbance to Indian economic conditions. After this close and careful study, it decided, by a large majority, that the *de facto* rate of one shilling six pence was the ratio which would best attain this end. With that recommendation, and the reasons which led to it, I am in entire agreement. Although it may be true to argue that exchange stability is a convenience rather than a necessity, it is such an immense convenience to all industry and commerce that it is almost worshipped by practical business men. It enables them to conduct their operations with confidence; it eliminates the extra charges, which are inevitable with a fluctuating exchange, and which constitute a tax on all commercial operations. Exchange stability is therefore a direct and invaluable benefit to all classes, and particularly to the great agricultural community, which is the backbone of the country. The rate which the Commission recommended has been in existence for over two years. Inevitably there has been an immense volume of adjustment to it. Any artificial disturbance of this rate therefore would violently disturb all these adjustments, and force upon us a further painful state of disturbance, and of readjustment to the fresh rate. I cannot think that this would be for the good of India; I am absolutely certain that it would set up forces prejudicial to our commerce and industry, and that if the attempt were made we should bitterly rue the day.

But, Sir, it has been argued that this stability, firmly assured over a period of two years, has been attained by Government manipulation of the currency system. May I direct the attention of this House to what is the outstanding merit of the whole scheme of currency reform? Under the currency system as it exists, and as it has existed since the closing of the Mints in 1893, an element of "management" was essential. If this task has been discharged, as it is in all other great countries by Note Issue Banks, which conduct their operations exactly as Government "manages" our currency, it would have passed unnoticed. It would not even have excited comment much less acid political attack. There has been so much din and heat over the ratio that the other and greater reforms have slipped into the background. What we are offered is nothing less than the transfer of the control of the currency from Government to a Note Issue Bank, with a financial governing board, and the full statutory control of the Note Issue and the Exchange system. Those, Sir, are immense and far-reaching reforms, pregnant of good for India, which we should keep in mind in considering that part of them reflected in this Bill.

It has also been argued that Government might have maintained the stability of exchange when the rupee reached one shilling four pence sterling early in 1923. The answer to that criticism is conclusive. In 1923 nothing was stable. Great Britain had not returned to the Gold Standard. The exchanges of nearly all the great countries were in a state of flux. Gold prices all over the world were seeking a stable basis. In my view it would have been impossible for the Government of India to maintain the rupee at one shilling and four pence, in view of the uncertainty which existed in all the important countries of the world in regard to exchange stabilization. That line of criticism is therefore wide of the mark.

Much has been said of the adverse effect of an eighteen penny rupee on the economic condition of the agricultural population, which forms the large majority of our people. What are the facts? Those of our agriculturists who have a regular surplus to dispose of have been selling it, and buying their own requirements, on the eighteen penny basis for the past two years. Their position has therefore been adjusted to the *de facto* rate. Were this rate to be lowered, the agriculturist would obtain a larger number of rupees for his *surplus* produce. But he would have to pay a larger number of rupees for all his requirements, in goods, labour, and service. Thus his position would be ultimately unaltered; he would receive for his surplus produce the same *purchasing* power in rupees, and purchasing power is the only thing that matters. Why therefore disturb the stability which we enjoy, introduce a period of fresh disturbance and painful adjustment, when the net result would be to leave the agriculturist exactly where he is to-day? There is another and most material point. The wage-earner and the salaried man would undoubtedly suffer concealed wage reductions arising from the higher rupee prices which would prevail if exchange were lowered. I am no believer in low wages; I do not think our wage standard is such that it can be reduced without causing great hardship to the wage-earning classes. I admit, of course, that in time the cost of living would adjust itself to this new level of rupee prices; but why penalise these large classes of the community during the period of adjustment? Prices rise very rapidly, but fall with painful slowness. I have referred, in considering the higher charges which would arise under a lower ratio, to the charges for service. In this I include the cost of Government. It is clear from the financial statement placed before the House that with a

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lower ratio there would have to be either higher taxation and higher railway rates, or a reduction in the standard of expenditure, especially on the nation-building departments in the Provinces, or both. Whilst that is not a dominant issue in considering exchange, it is one which this House must take into account.

There is another question. Assuming it were desirable to reduce the ratio to 1s. 4d., how should it be done? In all this discussion I have failed to discover one single sound plan for reducing the ratio, though it has been said it can be done in a night by issuing an official communiqué. Sir, I am afraid of these and other nocturnal adventures. They are too chilly, too dark, too mysterious to commend themselves to plain business men.

For all these reasons, then, I am convinced that the *de facto* ratio of 18d. to the rupee is best suited to India and is the best, the safest and the surest to adopt. I therefore give my complete support to the eighteen penny ratio. When this is out of the way, we can give our undivided attention to the important, and greater issues, associated with the reform of our currency and exchange system—a gold bullion standard leading in the fulness of time to a gold currency in circulation; the statutory control of currency and exchange, and final evolution of a Reserve Bank.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, the only justification for me to intervene in this debate is that, as a Member of this House, I have got to form my opinion, not as an expert, not as a merchant, not as an exporter or importer, nor as an agriculturist or a wage-earner, perhaps I come under no category whatsoever of the various interests that may conflict with each other.

**Mr. K. Ahmed:** You have shares, have you not?

**Mr. M. A. Jinnah:** My friend, Mr. Kabeer-ud-Din Ahmed who has, I think, already made up his mind on this question need not interrupt me. I am not addressing him at all. I am addressing only those Members of the House who are still going to exercise their judgment conscientiously and honestly, and come to a decision upon an issue which is of the most paramount importance and interest to India. I can quite understand, Sir, that there is a great difference of opinion on this question. But, Sir, I will only read one passage to this House before I proceed to address the House on the merits of this issue, and that passage which I am going to quote, Honourable Members will be surprised to see, is from Taylor on Evidence, and I think it is worth knowing, although there may be differences of opinion, that the experience of centuries, of great lawyers, is that experts are a body of men who cannot generally be relied upon. This is what Taylor says:

"Perhaps the testimony which least deserves credit with a jury is that of *skilled witnesses*. These gentlemen are required to speak, not to facts, but to *opinions*; and when this is the case, it is often quite surprising to see with what facility, and to what an extent, their views can be made to correspond with the wishes or the interests of the parties who call them. They do not, indeed, willfully misrepresent what they think; but their judgments become so warped by regarding the subject in one point of view, that, even when conscientiously disposed, they are incapable of forming an independent opinion. Being zealous partisans, their Belief becomes synonymous with Faith as defined by the Apostle, and too often is but 'the substance of things *hoped for*, the evidence of things *not seen*'. To adopt the language of Lord Campbell, '*skilled witnesses come with such a bias on their minds to support the cause in which they have embarked, that hardly any weight should be given to their evidence*'."

NOW, Sir, I am here in the position of a juror, and as a Member of this House, I have to make up my mind. Let me deal with this vexed question, this great controversy that has been raging for a long time. Sir, the past history of the policy of the Government of India with regard to exchange and currency requires the strongest denunciation. It has been nurtured in absolute inequity and immorality. You have appointed Commissions after Commissions; India has witnessed numerous Commissions, and she has seen what your policy has been in regard to currency and exchange. But I am not going into that. Let me tell the House that I am one of those who is not carried away, however black the past may be historically and morally. I am willing to stand on the floor of this House and examine this question, divested of its past.

Now, let us see, Sir. In the first instance, in 1920, the Government of India adopted a policy and fixed the ratio at two shillings. They tried to maintain that ratio, and it is now admitted that it was an absolute failure and has cost India crores of rupees. That is admitted. Now, Sir, those very experts, those very men whom you called your Commission, deliberately recommended that policy and that policy was given effect to. You have found that it was a colossal mistake and it has cost India crores of rupees. To-day, we are told that we have got another genius in the Finance Member. He is, we are told, a forceful Finance Member. But, Sir, am I not entitled to say that he might be misguided? Am I not entitled to say that he is in the same category as the Finance Member of the Government of India who acted on the recommendations of the previous Commission and fixed the ratio at two shillings? Well, the Finance Member will say: "Oh, the last was a mistake; but why do you say that this is a mistake?" Now, Sir, let us examine the point. We know the short history of this question. The short history is this, that there was an opinion in this country which urged the Government to appoint a Committee to make inquiries whether the exchange should be stabilised or not. We were told by the Government of India and the Finance Member that the time had not come. Why? Because the world prices had not sufficiently adjusted themselves or preponderatingly adjusted themselves, and therefore an inquiry would be futile. Yet, what do we find? We find that in 1923 the exchange in India was in the neighbourhood of 1s. 4d. We find that this ratio again recovered to 1s. 4d. after fluctuations in October 1924. When my Honourable friend, Sir Purshotamdas Thakurdas, was urging on the floor of this House for an inquiry, for the appointment of a Committee, we were told the time had not arrived. Sir, then we proceeded and my Honourable friend, Sir Purshotamdas Thakurdas, actually brought in a Bill, after having obtained the leave of the Governor General in Council to its introduction. It was when the Government realised that this Bill would be forced upon this House, that we were told that a Committee would be appointed for the purpose of making inquiry into the exchange and currency policy with a view to stabilising exchange. What happened then? They said they would appoint that Committee without avoidable delay. I think that was the word. And we were told in the first instance—this House was very anxious that the President of that Commission or Committee should be an Indian, and that the majority should be Indians,—but we were told then by the Finance Member that adequate and effective Indian representation would be secured on that Commission or that Committee. Sir, what do we find? We find suddenly a Royal Commission is announced. And what do we find? We find—and I say this deliberately—that it was a packed Commission. Mind

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you, I am not attributing any motives to a single member of that Commission. It is not the question of dishonesty. But you packed that Commission. You can always pack a Commission because you know what their inclinations are. You know what their views are, and you choose from men who are prepossessed, who have predilections for a particular ratio. You packed that Commission. What do we find then? This House protested against it. This House carried a motion of adjournment as a vote of censure on the Government, and what do we find? The overbearing Finance Minister—what does he say? He told us that he did not even consult the leaders of any of the parties, and he says, "I have never heard of such a thing as that." But even with that vote of censure did the Government have the slightest respect for the expression of opinion of this House and say, "We will add at least one or two more men who will carry the confidence of the people of this country, or who will command the trust and confidence of the representatives in this House"? Did you make any attempt? No, you did not.

Now, we are told by the Finance Minister over and over again and I know that every other person who would follow him on that bench would say the same—and I was surprised that even Sir Walter Willson with certain reservation qualified it but even he said "But, oh, the Commission has recommended this. It is the last word on the subject. What are we to do? A body of experts, eminent men—I attribute no motives to them—but they have recommended this. What shall we do now?" This is how Government proceeded with regard to this most paramount question, and remember that whatever decision we may take to-day is going to be a decision of the gravest character which will affect the future generations of India. And we are told now, "Here is a Commission and it has made this recommendation. What can we do?" I am glad at least that Sir Walter Willson said that although the Commission is entitled to weight we must examine whether their recommendations are right or whether they are wrong. Now, Sir, what is the position? The position is this, that with regard to the recommendations of the Commission the very bedrock—as far as I can understand, and I speak subject to correction,—but so far as I can understand, the very bedrock, the very basis of the recommendations of the Commission is that the prices have preponderantly adjusted themselves. That is the basic principle on which the whole of these recommendations hangs. The first proposition is this. Is it that the exchange has adjusted itself to the prices, or have the prices adjusted themselves to the ratio which the Government maintain by means of artificial methods? The very authority from whose book the Honourable Sir Basil Blackett quoted—I will read that passage, he read it himself but he did it in a very great hurry—says:

"The question is of an essentially different kind. The whole process has been reversed, and therefore attention is directed to the wrong point of view which reduces itself to a truism as shown above. Instead of prices determining exchange, exchange has been made to determine prices through conscious control."

He calls it conscious control, but the Honourable the Finance Member prefers the word "management". Some other Honourable Members preferred the word "manipulation" and others who wanted to be still stronger in their expression called it "Jugglery." But, Sir, the question is this. Have the prices really adjusted themselves substantially to this ratio? What does the Royal Commission



say on this point? The Royal Commission admit they have not got the materials and yet for some reason or other they have to come to some conclusion and I do not know how they jumped to this conclusion. This is what they themselves admit. Here I may point out to the House that Sir Basil Blackett put a great deal of emphasis on this and he even went to the extent of saying that he could not understand why Sir Purshotamdas stood here and argued against this ratio when he admitted that the prices had preponderantly adjusted themselves to this ratio. I do not know where he got this from. I have tried to look at Sir Purshotamdas Thakurdas's Minute of Dissent; he said nothing of the kind. In paragraph 177 of their Report the Royal Commission say this:

"We are unanimous in holding the view, and indeed it is a proposition which it would be difficult to controvert, that if it can be shown that the prices have to a preponderant degree adjusted themselves to the existing *de facto* rate, then that rate must be adhered to."

What is the proposition here? They say "if prices have adjusted themselves to a preponderant degree to the existing rate". Now, if that can be proved to the satisfaction of this House, I concede that you have to a very large extent established your case. That is where the difficulty comes in.

**Mr. H. C. Greenfield** (Central Provinces: Nominated Official): Will the Honourable Member please read the next sentence after the one he has just read?

**Mr. M. A. Jinnah:** I am not going to be dictated to as to what I am to read. If the Honourable Member has got a question to put to me I shall be very pleased to give way, but I decline to be told by any Member as to what passage I am to read. It contains a disgraceful insinuation and I therefore repel it. If you want me to answer any question, I shall answer it.

**Mr. President:** The Honourable Member will please address the Chair.

**Mr. M. A. Jinnah:** This is what the Royal Commission say in paragraph 178:

"It would be difficult if not impossible to pursue any argument on the subject of the movement of price levels without making use of index figures in some form. We recognise that index figures are not an infallible guide and that there are many directions in which it might lead one astray. Special caution is necessary in using them for the purpose of comparing the range of price levels in two or more countries over a particular period because the figures are necessarily computed in different ways in different countries."

Then they proceed further and say this:

"In India there are special difficulties in the way of compiling a representative index figure owing on the one hand to the great size of the country and to the cost of inland transport and on the other to defects of the statistics on which the compilation is based, defects which have been pointed out in the report of the recent Indian Economic Inquiry Committee."

Then they further say:

"We desire to take this opportunity of recommending that a serious and sustained attempt should be made to remedy these defects and to lay the basis of sound economic deductions by the collection of accurate statistics not only of prices but also of wages, a subject which in India presents even greater difficulty."

Now, Sir, having said that so far as the materials available to them are concerned, they suddenly on one or two cursory data come to the conclusion . . . (*An Honourable Member:* "No.") I maintain, Sir, most

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cursory and most prefatory, and I say that if any judge based his finding on such data in a court of law his judgment would be reversed in five minutes. And you trot out the sacred name of your experts, the Royal Commission of eminent economists and experts. Well, if that is your argument, that they are experts, that they are eminent men, then it is no use arguing or discussing it. Adopt it and have no debate. Why have this Legislature wasting its time for hours? Sir, I say it is most perfunctory data.

Now this is with regard to the adjustment of the price level. What do they say further with regard to other important matters upon which they base their recommendations? This is your Royal Commission; I am not going by anything else. What do they say about wages? This is what they say:

"We turn now to the question whether wages in India are in adjustment with the present level of prices and exchange. The material available is even less extensive and reliable than that relating to prices."

And yet what do we find? The conclusion is that it will be good for the wage-earner to have the ratio at 1s. 6d. and not 1s. 4d. Then what do we find with regard to the effect on contracts?

"In addition to prices and wages it is relevant to consider how outstanding contracts will be affected by the rate at which it is proposed to stabilise exchange."

And then what do they say?

"It is true that many of the current land revenue settlements were made during that period"

—that is the period of 1s. 4d.—

"because generally speaking the normal terms of these settlements is 30 years. But in view of the great rise in prices since 1914 the real incidence of land revenue measured in terms of commodities has been very materially lightened, and we cannot regard the 1s. 6d. rate as constituting a hardship in this respect."

Well, Sir, these are the three main grounds—there are others—but these are the principal grounds on which we are told that the ratio of 1s. 6d. is beneficial and 1s. 4d. is harmful to India. Now, Sir, let me proceed further and let me examine this proposition. I think all the experts, as far as I have been able to get hold of their opinions, agree to this, that it does not matter a bit, after a certain period, whether you have 1s. 6d. or whether you have 1s. 4d. On that point there seems to be a general agreement, and for the purposes of my argument, here again, as a jurymen who has got to deliver his verdict, I say I will accept this because there is a consensus of opinion that it would not matter after some years whether it is 1s. 6d. or 1s. 4d. Then says Sir Basil Blackett, "Oh, but if you disturb the *de facto* ratio now, it will not benefit anybody, and it will cause dislocation and certainly it will cause a great deal of disorganization", if I may use that word. Very well. What is the issue then? The issue is this, that it is agreed that it will matter at least for a short period, take it at five years, take it at ten years, take it at fifteen years. But the one issue is that during that period it does matter, and it is a matter of vital importance. If it is not, then I do not know what we are doing here or what we are fighting

for. If you say, it does not matter even to-day, well, then there is no argument. But it is admitted that it does matter for a certain period—call that period if you like X, five years, ten years, fifteen years, whatever it may be—then, if it does matter, and if it is of vital importance, are we or are we not to consider whether we should not have 1s. 4d. in preference to 1s. 6d.? And if we are, then, are we not entitled to say that 1s. 4d. even during that period is going to be of paramount and vital importance to India? Now, Sir, as for the advocates of 1s. 6d., what is their answer? “It will cause dislocation.” Well, of course it will cause dislocation. You have, according to the case on this side, artificially maintained this ratio. Sir, it may seem that on this side we always attribute motives to the other side; but, Sir, facts sometimes speak eloquently. It is not that we desire to attribute motives, it is not that we want to go out of our way and abuse the Finance Member. I pity the Finance Member very much. (*The Honourable Sir Basil Blackett*: “No.”) I feel very sorry for him. (*The Honourable Sir Basil Blackett*: “He is very happy.”) He has got to do his duty, he has got to carry on his job, and he does his best. (*Mr. K. Ahmed*: “Does he do his best?”) He is doing his best; he is doing better than Mr. Kabeer-ud-Din Ahmed would ever do in his place. (Laughter). I certainly will not take my ratio from Mr. Kabeer-ud-Din Ahmed. (*An Honourable Member*: “Why not?”) (*Mr. K. Ahmed*: “Did you sell your shares?”) Now, Sir, let us see what happened to the Finance Minister. We had the Secretary of State for India trying to pull him up, and we know that even strong Secretaries of State for India have been handled by the vested British interests—even Lord Morley—not to say anything more about that immoral duty, the excise duty, which was only repealed the other day. I told the House not long ago that one Secretary of State for India had to change his speech within 4 weeks as he knew that his Government was threatened and that he would be kicked out of office, and as a politician to maintain his Government in office he sold India and imposed the excise duty 30 years ago. That is what you can say about your Secretary of State for India. It is a historical fact. And what do we find to-day? We find the Secretary of State for India goading, bullying our Finance Minister, bullying him. Be it said to his credit—and here I say give the devil his due (laughter and applause)—be it said to his credit that his conscience rebelled against it and he has saved poor India by artificially manipulating the exchange only to 1s. 6d. and not further.—To that extent India owes a debt of gratitude to Sir Basil Blackett, and we shall remember him. But only to that extent. (Laughter). Sir, it is very interesting. The telegram which was sent by the Secretary of State for India to the Government of India is dated the 24th September, 1925. That was the time when the Royal Commission was appointed. This is what it says:

“I cannot commit myself, therefore, in present circumstances, to view that exchange should in no circumstances be permitted to rise this winter to, say, above 1s. 6 3/16d. or 1s. 6 7/32d. . . . I therefore suggest, if market conditions point that way, rate for remittances might be allowed to move shortly to 1s. 6 7/32d.”

What was the answer sent from the Viceroy?

“We do deprecate, however, proposal to allow exchange to move to 1s. 6 7/32d. This figure is somewhat above the actual gold point, and we are convinced that our action would be misunderstood by market and would be regarded as a change of policy, and the effect almost certainly would be an avalanche of sterling sales in anticipation.”

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Sir, this is the position. Now, I therefore ask, is 1s. 4d. the ratio that is going to create that dislocation, that disorganisation in the country, which would be detrimental to the interests of India? That is the first question that I have to consider. Will it have compensating advantages or will it not? Sir, I will look at it from this point of view. The Government and the advocates of 1s. 6d. have dragged in the poor man, the agriculturist, the labourer and the wage-earner, and we are told that if you do this, namely, support 1s. 4d., all the money will go into the pockets of the Honourable Baronet, Sir Victor Sassoon . . . .

**Sir Victor Sassoon:** No such luck!

**Mr. M. A. Jinnah:** I mean as one of the mill-owners, and it is the mill-owners who will take over all the crores, and that it will be at the cost of the poor man, the agriculturist, the wage-earner. Sir, I very often think whether this argument is really an honest argument. I question the *bona fides* of this argument. I am used to this argument whenever any question is raised by us. It is not the first time. When no argument is left, the poor masses are trotted out, whose trustees and whose benefactors sit only on the Treasury Bench, and that we are the enemies, the sworn enemies of our own people, and the poor man gets no sympathy from us and we have no feeling for him. There is the monopoly of all the feeling and all the benefits that can be conferred upon the poor with the Treasury Bench. I cannot understand why this solicitude to this extent for the poor man exists. It may be it is a very difficult question and I am not competent. I confess I have not got the materials even to come to a conclusion as to what will be the exact position of the poor man. We had from the well known broker from Bombay, who just spoke, a statement to the effect that probably it will make no difference, but if it makes no difference to him, let us examine that argument, if it makes no difference to the agriculturist, the labourer and the poor man, and he will be quits in his budget because on the one hand he will have to pay a little more and on the other receive a little more. If he is quits, then why trot that argument out?

**The Honourable Sir Basil Blackett:** No ultimate difference, the same argument that the Honourable Member himself is using.

**Mr. M. A. Jinnah:** "Ultimate" after how many years?

**The Honourable Sir Basil Blackett:** Sir Purshotamdas said seven years.

**Mr. M. A. Jinnah:** I am not dealing with Sir Purshotamdas, I am now dealing with the Honourable the Finance Member.

**The Honourable Sir Basil Blackett:** I am just asking the Honourable Member not to misquote him.

**Mr. M. A. Jinnah:** I do not know why the Finance Member is defending him. Is not the Honourable Member here, and cannot he speak for himself, considering the prominent position he occupies in the mercantile world? (*An Honourable Member:* "He is not an expert advocate.") Nor is he a schoolmaster. I thought I would leave my Honourable friend alone, but if he provokes me I think I will have to speak about him also. The Honourable Member thought he made a wonderful point in this House because he pointed out in the most ungenerous manner

one or two inaccuracies which the Honourable Baronet, Sir Victor Sassoon, made. The Honourable Baronet had the grace at once to say yes, that is incorrect. If the Honourable Member is puffed up and keeps interrupting me, I would say that he is used to teaching schoolboys and can teach economics to them only.

Sir, if it does not make any substantial difference, then I say, to whom is it going to make a difference? Now, Sir, I put it to you in this way, I put it to you and to those Honourable Members who are the champions of labour, and I assure you that no man would stand by you more independently than I would to help forward the amelioration and the welfare of the poor. I am not a capitalist, I am not an exporter, I am not an importer, and I say I shall certainly stand every time on the side of the poor man. I want his lot to be better. I know his lot is bad; it cannot be worse than it is; and it is a disgrace not only to all of us, but to the Government that is in charge of this country; but I appeal to you and say, do not bring in this dispute about capital and labour. I even concede if you like, for the purpose of argument, that it has to a certain extent hit the wage-earner and the labourer; I concede that to a certain extent. But, Sir, am I right or am I wrong in this proposition that, if you want to build up India, if you want to make India a strong, modern, living nation, can you do that without building up your commerce, your capital and your industries? Can you do that? What is the good of trying to get blood out of a stone? Where is your capital in India? What capital have you got? One man in America, Mr. Ford, can buy up the whole of Bombay, including the Honourable Sir Victor Sassoon. What is your capital? Your industries, your commerce are in their infancy and are struggling and you want to fall a prey to that bait which is so often given to you to pull down whatever there is in this country in the way of commerce and industry. I ask this House, what is England? England is one huge factory, nothing else than a factory, which only requires food and luxuries and the necessities of life from other countries. It works in its shops for the rest of the world and sends its produce outside. It is that corporation of a nation that has got to find its market and keep its market. It is the most vital interest they have. Now even Mr. Geddes, the Chairman of the Millowners' Association, made it clear on his recent speech. It is no use saying "Oh they are capitalists; they are mill owners." Yes they are; you are not going to get rid of your capitalists; if you have no capitalists you will get no wages; ask for more wages, fight for more wages if you like; every time I am with Mr. Joshi, but do not kill the goose that lays the golden egg. And what did Mr. Geddes say? It will hit the mill industry very severely if you adopt 1s. 6d.

**The Honourable Sir Basil Blackett:** Is he the goose?

**Mr. M. A. Jinnah:** That is what you are trying to do because your goose across the water might suffer. That is what you are trying to do, and I say, Sir, to the Finance Minister, through you, that I am sorry for him. I pity him; he is only one of the instruments in the hands of a very powerful vested interest in Great Britain.

But, Sir, let this House not go wrong and I will only make one more appeal before I sit down and my appeal to the House is this. I appeal to every Member here to consider only one thing. I know what intrigues, what manipulations, what considerations are offered and are going on. **The Honourable Sir Basil Blackett:** "We all know that!" I know how the

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lobby is busy, and I say to you "If you remember only one thing I will leave it to you and that one thing is this, that every one of you has come here. . . . ."

**Mr. President:** Will the Honourable Member please address the Chair?

**Mr. M. A. Jinnah:** Sir, I am entitled to address the House.

**Mr. President:** Through the Chair.

**Mr. M. A. Jinnah:** Sir, I cannot possibly be heard in every part of the House unless I turn. . . . .

**Mr. President:** The Honourable Member may turn as many times as he likes and in any direction, but I would request him to address the House through the Chair.

**Mr. M. A. Jinnah:** Sir, I do not for a moment suggest that I am not to observe the sanctity of the Chair, but I think, Sir, you might leave it to us occasionally to turn this way or that way when we think fit. I was addressing the House and I appeal to every Member and I say: First of all your duty is this, you have been returned . . . . .

**Mr. K. Ahmed:** Again! You have to address the Chair.

**Mr. M. A. Jinnah:** I am certainly not going to be dictated to by Mr. Kabeer-ud-Din Ahmed. I say you have been returned by your electorates and you have undertaken this sacred duty.

**Mr. K. Ahmed:** What duty, Sir?

**Mr. M. A. Jinnah:** Your interests are next to their interests and I ask you as honourable men, as representatives of your people, as you are pledged by every constitutional doctrine and by every moral consideration; to put the interests of your country above your own interests. If you have got to make sacrifices, if you have got to suffer, do so; if you have got to give up titles or jobs (*A Swarajist Member:* "Or nominated seats!"), give them up but don't sell India, and if you do, you will be degrading the representative character of this House.

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban): Sir, I do not propose to detain the House very long, but I was very much impressed by the Honourable Member who spoke yesterday. Mr. Moore appealed to us to confine our attention to realities, and I propose in what I have got to say to confine my attention, and as far as I may, the attention of the House to the realities of the situation. Sir, I do not say that I am in agreement with all the bye-ways and with all the digressive arguments that have been advanced by all those who have spoken either outside or here in favour of the 1s. 4d. ratio. But I am in perfect agreement with the main lines of argument that have been advanced in favour of the 1s. 4d. ratio as against the 1s. 6d. ratio. It is not necessary for a person to be an expert or to be a profound economist to examine this question because we have known that at any rate there is no exact economic science yet. The body of knowledge is inexact and it grows with experience; it is really evolving; and it is no use, therefore, crediting people as experts when really very few are entitled to be called experts in this field of growing knowledge. We have known that no precise general formulæ in the nature of scientific laws can be laid down in it. Every statement has to be overridden by many riders, has to be surrounded by many exceptions and safeguards. It is not possible therefore to postulate, as the Honourable the Finance Member did, certain things as axiomatic

truths in economics. I do not know that there is any single truth in this field of knowledge which can be regarded as axiomatic. Every one knows that those who have had anything to do with it are more or less groping in the dark. I would therefore beg of them to confine themselves to the realities and not to repeat the assertions which have been made both in his budget speech and yesterday by the Honourable the Finance Member when he moved that the Bill be taken into consideration. For instance, he said that his eleven propositions remain without any serious contradiction. I think the very book, which he referred to, of Mr. Vakil states those propositions categorically and attempts a serious and to a great extent an acute and clear answer to every one of these eleven propositions. That is my opinion. I have seen absolutely no ground for taking every one of the eleven propositions as a relevant proposition upon this particular question. What does it matter what the natural value of the silver rupee is when we are discussing the fixing of the ratio at 1s. 4d. or 1s. 6d.? Similarly there are many other statements in this batch of propositions which have no bearing upon this particular matter.

Then, again, we are told that it does not matter, if it is permanently adjusted, whether it is 1s. 6d. or 1s. 4d. But is there any such thing as a permanent adjustment, I wonder? I do not, Sir, believe in stabilising in the sense in which the word has been used and played about by those who have spoken on the other side. In the nature of things we know that these economic phenomena cannot, like water or air, permeate all the interstices, and you cannot get perfect adjustment throughout the world or even in any one country; and you must necessarily have regard to the fluctuating condition of things. Now, what is the present condition of India as to which only we must see whether the ratio which is proposed by the Government is the best ratio in the totality of Indian circumstances? The present position of India is that she is, as was pointed out by Mr. Birla and by the Honourable the Finance Member himself when he referred to it in his budget speech, a great exporting country. The balance of trade is usually favourable and largely favourable to India. We found, as Professor Kale points out in his book on Economics, when the last great manipulation took place as a result of the Babington Smith Committee's recommendations, that there was in 1920-21 a heavy surplus of imports over exports; and similarly we find in the speech of the Honourable the Finance Member that during the last ten months, if I remember aright, he said the visible balance of trade including private imports of treasure was only about Rs. 27 crores as against, I think he said, Rs 85 crores odd during the corresponding period of the last year. That shows that in a country like India we must have paramount regard to the exports from India; we must have full value, I mean as many rupees for the pound as we can get for exports. And it is impossible for us, for the purpose of making it convenient for importers, either Indian or English, or to suit the convenience of manufacturers in England, to accept a rate of exchange which will profit them. I have known some of my friends, and those who claim to identify themselves with the interests of the country, Europeans or Indians, maintain that the 1s. 6d. ratio is best suited to the interests of India. I am tempted to wonder whether for the first time in the history of British India that English and Indian interests are found to be absolutely identical. I rather think, Sir, that English interests are certainly served by 1s. 6d. and Indian interests, I would say totality of them, the larger Indian interests certainly are served by the 1s. 4d.

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ratio. I am not saying anything as to the permanency of this ratio, because I do not believe, no matter what all the experts in the world may say, that this ratio is going to be stabilised for an endless series of years. There was the statutory ratio of 2s. which was broken into in the very year in which the Statute was passed, and it remained a dead letter. We have seen the skill and the experience, doctrinaire and practical, and the world-wide knowledge which the other Currency Committee had brought to bear upon the economic phenomena of India, and we found what a terrible catastrophe they involved India in. I do not think it was due merely to their ignorance. My own belief is, as it was the belief generally at the time, that those conclusions were deliberately arrived at by that Committee. Similarly, the conclusions of this present Commission cannot be put before this House as if their recommendations are entitled to be treated as gospel, as the last word in economics.

Mr. Jinnah referred to the value of expert testimony in courts of law, but if expert testimony in courts of law is not to be relied upon, then expert testimony in economics, particularly the testimony of those who have themselves failed in making successful currency experiments in the transactions of the world, can hardly be regarded as entitled to any weight. Therefore, Sir, we must bring to this subject our own common sense. What are the interests which are benefited by this 1s. 6d. ratio, and what are the interests which are benefited by the 1s. 4d. ratio? The Babington Smith Committee attempted to unravel this and professed to point out which interests would be benefited by the higher rate of exchange and which would be benefited by the lower rate of exchange, and much of it was really inaccurate, and subsequent experience has exposed the hollowness of those conclusions. I was carefully listening to Sir Basil Blackett's speech, and I found that it was more or less a repetition of all the arguments which were contained in those paragraphs, classical for their tragedy, classical for their futility, in the Report of the Babington Smith Committee, and I have no faith in being asked by Finance Member after Finance Member to sink Indian interests for the purpose of advancing British interests. I bring to this subject as unbiassed a knowledge as I possess—it is limited perhaps—and as much of attention and industry as I can bestow. But I confess I am biassed in one respect, for I am biassed in favour of my own country, I am biassed in favour of Indian interests. That bias there is, and I cannot help having that bias. If I am asked to look at this question as if I was not an Indian, I say I cannot look at it from any point of view except the Indian. If I am asked to look at it as to what is in the interests of two countries, between England and India or between the rest of the world and India, I cannot look at it in that way. Naturally the producer, the exporter, the manufacturer here, wants to gain at the expense of other countries. It is so, and therefore, it is impossible that we can do justice to the rest of the world. We are here first to be just to ourselves before we can be generous to England and to English importers, and it appears to me, Sir, that there can be no gainsaying that, neither theoretical economists nor practical business men, neither the Finance Member nor the Currency Commission, not one has contradicted the clear fact, which is the only fact which is admitted on all hands, that exporters and producers will get more benefit by the 1s. 4d. ratio, as also the Indian manufacturers and Indian industrialists. If my



Honourable friend the Finance Member contradicts it, then I cannot help him. I thought at least some part of it will be conceded . . . .

**The Honourable Sir Basil Blackett:** Temporarily.

**Mr. S. Srinivasa Iyengar:** That is exactly what I am saying. I did not imagine that he would agree with the Revd. Dr. Macphail who referred to my speaking in terms of awe of the great financial masterpiece of Sir Victor Sassoon's. I listened to Sir Victor's speech with admiration, not in awe, but I certainly listened to the Revd. Dr. Macphail in awe and trembled for his students who had to be under him listening to him. For, if I remember aright, he attempted to correct Mr. Jamnadas Mehta's reference to the Australian wheat competing in the Calcutta market, and he got up and seriously and earnestly pressed upon the House his view that a higher rate of exchange means higher prices. I think somebody pulled him up and his whole argument collapsed. I do not profess to be an economic pandit, and I do not desire to be drawn into controversies which are not relevant. But surely Mr. Jamnadas Mehta's motion to-day should have shown the House how much ability, how much integrity and how much industry are to be seen on the side of those who fight not only for the freedom of the country but for its economic emancipation. I therefore suggest, Sir, that the Indian point of view should be kept in view by all the Members of the House, whatever community they may belong to. I was glad on this occasion to notice that the non-official European block was also divided for there were those who looked at the question more from the Indian point of view rather than from the point of view of their own country, and I must congratulate them and express my gratitude to them for showing that at least on an occasion like this they could get rid of those limitations which make it impossible for us to co-operate one with another.

Sir, I suggest that when Sir Basil Blackett wanted that this 1s. 6d. ratio should be accepted by the House, he really looked, I suggest, more to the convenience of the Government, more to the fact that he would have to keep the present level of expenditure though he did not want to increase the taxation. We are not for the Government keeping the present level of expenditure; we are certainly in favour of reduction of expenditure. We certainly, those of us who advocate 1s. 4d., do not desire that the Government should increase taxation. Our object is that the taxation should not increase, but that the expenditure should be reduced. Similarly, we are not against labour. On the other hand, when first the Currency Commission's recommendations were published, I was somewhat sceptical and I tried to look at this question with as unbiassed an eye as possible and with a certain amount of hostility to the capitalist's interests particularly on the Bombay side. But I have come to the conclusion after the most anxious consideration that the total interests of India require that we should not divide ourselves as capitalists and labour, as industrialists, as producers, as agriculturists, because what can the mills do without cotton and what can the cotton growers do without the mills and without the rich? What can labour do without the success and prosperity of these various mills and of the various other industries in this country, at a time like this, when there is severe depression in this country. Whatever Mr. Shroff may have said and however much he may have been vouched for by the high authority of the Finance Member, there is no gain-saying the fact that we are as everybody feels in a period of

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depression, and I do not imagine the visible balance of trade is any indication of great prosperity, when he himself admits that it is only 27 crores. for the current year as against 85 odd crores of rupees for the last year. Therefore, Sir, it is quite clear to my mind as it ought to be clear to everyone's mind here that there is a very real depression in trade and industry and it is a disastrous depression, and if a similar state of things happened in England, why then they would do everything possible to put their industries, their manufactures and so on on a sound footing. And why are Indians to be ashamed of their capitalist friends? We are going to compel the capitalists in this country to be the poor man's friends and we are going to get capital and labour to work together on just terms. It is not to be supposed that those of us who advocate 1s. 4d. are unmindful of the claims of labour. I particularly am for 1s. 4d. because I love labour more than capital. But they must get food, they must get work. What labour can there be unless industries are revived and manufacturers are benefited? Of course, the distribution between the manufacturer and labourer, the distribution between commercial magnates, the industrial captains, and the labouring population is a matter which concerns us and it need not concern this present Government. It is seldom indeed I have found that the Government is very anxious for labour. It is an irony that they should profess in the interests of labour to maintain the 1s. 6d. ratio as against 1s. 4d. I am not, therefore, in the least ashamed of having to support our millowners, our merchants, our traders, our producers, and all those who will be benefited by the 1s. 4d. ratio. I do admit that this will benefit them only for a few years. I agree with the Honourable the Finance Member that it will be temporary, but that is exactly what I want. I want that our trade and industries should be revived. There will after years be a natural reaction and there will be a readjustment, though I do not agree with the Honourable Member or the other Pandits who think that in economics action and reaction are equal and opposite. Reaction is not always to the same extent as action. The pendulum may swing back, but it does not swing back to quite the same extent as it is said to do; for there are so many other causes which it is impossible to estimate beforehand. Therefore, I believe that the 16d. ratio is vitally necessary for the interests of all these classes. It is unnecessary for me to go into this question of agricultural indebtedness, but I cannot part with this subject without referring to Mr. McWatter's Memorandum which was placed before the Currency Commission. He stated:

"In respect of long term contracts expressed in rupees which are unalterable to changes in prices, the result of the rise in prices, broadly speaking, has been to benefit the debtor at the expense of the creditor, especially in so far as the former is a producer and the bulk of the debtor classes in India are agriculturists."

It has been said cheaply here as if the agriculturists would not be benefited by a rise in prices but the memorandum submitted by Mr. McWatters who was Secretary to the Government of India in the Finance Department admits the fact on which we rely. The agriculturists would be benefited undoubtedly by a rise in prices and the whole argument was that there was a rise in prices after the War and therefore they must submit themselves to a reduction in prices and there is no harm done,—the same argument which some of my capitalist friends advanced as against labour, that labour got very much more than it was entitled to and therefore it did not matter if as a result of 1s. 4d. it got a little less wages. These

arguments from the one side and the other do not appeal to me. Labour will certainly agitate and ought to agitate and get more money wages when this 1s. 4d. is accepted. Then Mr. McWatters says:

"The agriculturists, in so far as money debts are concerned, are benefited by the rise in prices since agricultural produce will bring in more rupees now than in 1904. The lowering of exchange to 1s. 4d. would give him a further additional advantage."

After this I cannot understand how the Honourable the Finance Member or others who support him,—I found an Honourable Member from Bombay supported him in a written speech—I really cannot understand how they can say that the lowering of the exchange to 1s. 4d. would not give the agriculturist an additional advantage.

"The rise to the 1s. 6d. rate is, broadly speaking, at the expense of the debtor class, but it may be considered to some extent readjustment of the inequality caused by the rise in prices."

Therefore, there is to be compensation in the opposite direction—because they have benefited some years ago, let them suffer the loss now. That is the compensation which is proposed by the Government in this memorandum. Then again he refers to the land revenue and there also he points out that tax-payers would certainly be benefited by the 1s. 4d. ratio and would be hurt by the 1s. 6d. ratio. Therefore, I consider it is superfluous to prove what is evident, what was admitted by Mr. McWatters, that the producer so far as he is not handicapped by any special conditions of his position and tenure will, if exchange is lowered, tend to gain in the period of readjustment. The period of readjustment will take 3 years, possibly more. Sir Basil Blackett in his evidence before the Currency Commission stated that it will be all over in 18 months or two years, but he did say that in the case of customary prices and other things it will be very much longer. Nobody can attempt to prophesy in this matter. Assuming that the adjustment of prices takes place—and I dispute it can ever take place for scientific and theoretical purposes—assuming that it takes place, it will take some considerable number of years before it can be regarded as a fairly complete adjustment. Then again, Sir, as regards the raising of exchange to a higher level Mr. McWatters says:

"The 1s. 6d. ratio would during the period of adjustment operate to the disadvantage of producers and those engaged in industry and there is no reason to expect that this temporary disadvantage would be offset as it was when exchange was rising. It is largely owing to the special difficulties with which industries in certain parts of India are faced that the Government of India took the view that a rise in exchange above 1s. 6d. was undesirable. This view has received added strength in recent months in consequence of the downward tendency of Indian prices, since the fixation of exchange above 1s. 6d. would have the result of a further lowering of prices and might necessitate a further readjustment of wages."

Therefore I agree with the reasons stated by Mr. McWatters in the memorandum and insist on a 1s. 6d. ratio. I agree with Mr. Jinnah, when he stated that the Government are proposing 1s. 6d. ratio as a compromise. The Government at home wanted probably more than 1s. 6d., they probably wanted 1s. 8d. and the Government here was quite willing to have it at 1s. 4d. or 1s. 6d. They would not certainly have put up the stout fight that they have put up if they had been given a free hand. They would have been quite content with 1s. 4d. but as a compromise they had to agree to 1s. 6d. The very reasons which are advanced both by

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Sir Basil Blackett on pages 12 and 13 of his evidence before the Commission and the reasons which are so powerfully and lucidly given by Mr. McWatters in his official memorandum submitted to the Currency Commission for saying that a rise in exchange is prejudicial would apply equally to the rise in exchange above 1s. 4d. I really do not wish to go into this question whether 1s. 4d. is a natural ratio or not. That is largely an academic question. All that is meant when it is said to be a natural rate is that it has been in existence for a period of years, 20 years, and long-term contracts and transactions have been entered into on the basis of 1s. 4d. and therefore it will not do to confiscate the benefit of contracts and other transactions and to interfere with the standard of value. It is not a sentimental objection but it is a real and practical objection. As the learned authors of the book on Currency and Prices in India, Mr. Vakil and Mr. Moranjani, put it acutely, the unit of value was fixed in terms of gold and the authorities proclaimed to the world that the Indian unit of value was not the rupee but a fraction of the sovereign of about 7.53 grains of gold. That is the way in which we are to look at it. The more we talk about the 16d. and 18d. ratio, the more we get switched on to the realms of metaphysics and economic theology. But we must really look at it as a question of the unit of value. What was the unit of value? It was 7.53 grains of gold. Contracts were fixed on that basis. Government operations were fixed upon that basis and people have entered into various transactions on that footing. The question is, why should that standard of value be changed? At page 514 of that book which Sir Basil Blackett himself quoted, it says:

"This question is important because, as already explained, it raises the fundamental question of changing the standard unit of value for measurement of goods. A change in the standard unit of value must percolate through all transactions, and affect all relations of debtor and creditor, which in modern society are most complicated. The fact that manipulation of the exchange by conscious control in the above manner results in such fundamental changes in social and economic relations, amounting to a revolution, is not noticed because too much attention is paid in determining currency problems to the foreign trade and foreign exchange point of view, which is much less in volume and importance to the internal trade and economy of the people."

Sir, I would certainly have agreed to 1s. 6d. if it would have benefited the vast majority of the Indian population. What do I find? I have made some inquiries and as far as I can make out it is only about 7 per cent. of the total expenditure of the vast bulk of the Indian population which is spent upon foreign imports. A large proportion of the expenditure of wealthy men living in towns may be on foreign imports, but so far as the vast bulk of the Indian population is concerned their expenditure on foreign imports does not exceed 7 per cent. of the total. Therefore, Sir, the benefit to the consumer of imported articles is not really a great benefit compared to the great benefit which will be conferred by the higher prices our exports will get and there will be more rupees in India. That of course is the main consideration. Therefore, I think that this question must be looked at purely from the point of view of the exporter, the agricultural producer, the manufacturer and the persons who depend upon them, that is, the labouring classes who can be benefited by the gain of those upon whom they are dependent. The question cannot be looked at purely from the point of view of Home charges, or from the point of view of those who have to make remittances to England, or

from the point of view of those companies in India who have to send their dividends to England, or from the point of view of those who draw allowances according to the Lee Commission's proposals, or from the point of view of the foreign importer and the foreign manufacturer. Therefore, Sir, mine is a plain commonsense position. The question is not one of theoretical perfection, because nobody suggests, and Sir Basil Blackett himself admits, that no one ratio is permanently more beneficial than any other ratio. Therefore for the present, in this period of depression, in this period of disaster, when trade and industry in India are in a depressed state, when prices in India are low, a little rise in prices will stimulate trade and industry and will be of great benefit. That is the position upon which we have set our hearts. No doubt Sir Basil Blackett said in his budget speech of 1925 that it was a hoary fallacy, and he denounced that. But after all it cannot be a hoary fallacy to take money from foreign buyers and put more rupees into your own pocket. And my Honourable friend would not fight with the keenness with which he does fight if it were simply an academic question. But it is a question of taking away more Indian money and putting it in English pockets and therefore shrewd business men fight tooth and nail for this 1s. 6d. ratio. I only wish that those on this side of the House will feel that the attitude of some of the European Members in the House shows that really the 1s. 4d. ratio is the best for the Indian business man.

(At this stage Mr. Arthur Moore stood up in his place and continued standing.)

**Mr. President:** The Honourable Member is not in order in keeping standing.

**Mr. Arthur Moore** (Bengal: European): May I ask on a point of order

**Mr. President** (Addressing Mr. Srinivasa Iyengar): Does the Honourable Member wish to give way?

**Mr. S. Srinivasa Iyengar:** No, no, Sir. I never subject myself to deflation. I leave deflation to the Honourable the Finance Member. (*The Honourable Sir Basil Blackett: "And remain inflated."*) We do want some little inflation, though I do suggest that my speech is not one-tenth as inflated as the speech which I have to answer. Sir, I therefore suggest that the point of view which I place before the House should be accepted, and that there should be no division, as if in India we can afford to divide ourselves, as if one section here is representing the capitalists and the industrialists and the other section is representing the labour people, as if one section is representing the producers and another section is representing the consumers. We are all both consumers and producers. We are all labourers and capitalists, and there is really nothing whatever to divide us, till we get the full economic autonomy. Let us get all the things that we can by this 1s. 4d. ratio, and let us redistribute it afterwards according to principles of justice between the various sections of Indian interests. With these words, Sir, I heartily support the very able motion which my friend, Mr. Jamnadas Mehta, has moved.

**Several Honourable Members:** I move that the question be put.

**Khan Bahadur Mian Abdul Aziz** (Punjab: Nominated Official): Sir, the Honourable Pandit Madan Mohan Malaviya referred us yesterday to

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what may be called ancient history, and we are all, I am sure, obliged to him for taking us back to the beginning of this controversy. But he forgot to tell us, Sir, that up to and prior to 1873 the Indian rupee was always equivalent roughly to two shillings. He also forgot to tell us as to why after that date a sudden change took place. That is a matter of history. A change in the monetary systems of France and of Germany, due to causes that I need not explain, led to considerable fluctuations in the gold value of silver, and that is the reason why this currency problem originally started in India and assumed such importance. Dr. Macphail yesterday told us about the fluctuations. But the Honourable Pandit did not tell us one other important thing which at least he should have told us, and that is that when these fluctuations came in, India was being continually haunted by that grim spectre, a recurring deficit, and he never suggested what the Government of India should have done when year in and year out there was this recurring deficit. Why did he not allude to it? Did he not know it, or did he not wish to know it? There was a recurring deficit and if this spectre had not been laid the only result would have been that the poor Indian tax-payer would have been greatly burdened. Sir, the Government of India tried their very best for India and in the interests of India, but for some reason they were overruled. (Hear, hear.) But the gratitude of the whole of India is due to Government, because ultimately by stabilizing the rupee, then, they brought about a policy by which they were able to go on with constructive works after 1898. Before that we were in a terrible position, and now again we are in that position; and as I shall come later on to the question of the recurring deficit, I shall leave it at that point. Now I wish to pass on, because I have received instructions (laughter), I wish to pass on to one simple point. Sir, when we were in the midst of the steel debate, every Honourable Member on the other side was referring to the poor consumer and his steel trunks, iron safes, as if the really poor had anything to do with these articles. During this debate, however, not even one Honourable Member on the opposite Benches had the courage to refer to the poor consumer. No matter how poor a man may be, he does occasionally consume a rupee and we have to look into the poor man's case first. A 1s. 4d. ratio means telling every poor man in this country. "when you go out to the bazaar, even if you have only one rupee to spend, you will only get 14 annas worth for your rupee." That is what a 1s. 4d. ratio means. Then, Sir, reference has been made to the agriculturist. The agriculturists often, in the words of Sir Visvesharaya, sell to men in the villages at very low prices, below market prices, and Sir Visvesharaya whose sentence I quote, has said that the middleman derives greater benefits than the producer from the export of agricultural products because the trade organization of the country is not adequate to the producer's needs. All the benefits which it is supposed that the producers will get will go not to the producer but to the middleman and all the land owners, who have their rents in cash—and they are more than 10 or 20 per cent.—their income will be automatically reduced. With these remarks, Sir, I oppose the amendment.

**Mr. T. Gavin-Jones** (United Provinces: European): Sir, it is unfortunate that the consideration of this Bill is being taken at the same time as the Budget. I am quite sure that the Honourable Member for Finance, appreciating as I do his ability and capacity, had no intention to treat us like a lot of children and say to us "If you will only take this nasty 1s. 6d.

medicine, I will give you a fine lump of sugar in the shape of the remission of provincial contributions." This question, Sir, must be considered quite apart from the Budget. I quite understand that it affects the Budget. But it affects not only this Budget but many Budgets. What is more important, it affects the transactions between man and man in this country, and we must consider the Bill without any prejudice about the present Budget.

My friend Sir Walter Willson has told us that the Bengal National Chamber, since the publication of the Budget, have changed their opinion and are now in favour of 1s. 6d. I have also information from the United Provinces, from the Upper India Chamber of Commerce that they have now come down, after seeing the Budget, in entire favour of the 1s. 4d. ratio. The voting was 7 to 1 and 3 did not vote. However, Sir, I hope that Honourable Members in this House will not be prejudiced by the Budget.

The trouble over this controversy is that there is too much theorising and too little application of practical knowledge and common sense. I will, therefore, endeavour to confine myself to a few facts and the deductions we can make from them.

In the first place, you cannot create wealth for a country by juggling with the exchange value of the currency. It is merely a question of taking money out of one man's pocket and putting into another. Now, Sir, the Honourable Member for Finance told us that by reducing the ratio from 1s. 6d. to 1s. 4d. the Treasury will lose Rs. 5 crores and 26 lakhs. Conversely then, when he raised the ratio . . .

**The Honourable Sir Basil Blackett:** No.

**Mr. T. Gavin-Jones:** The Honourable Member says 'No.'

**Sir Purshotamdas Thakurdas:** The converse must follow.

**The Honourable Sir Basil Blackett:** No.

**Mr. T. Gavin-Jones:** Conversely, I say, when he raised the ratio in 1924 to 1s. 6d. he must have saved Rs. 5 crores and 26 lakhs.

**The Honourable Sir Basil Blackett:** No; it is quite wrong.

**Sir Purshotamdas Thakurdas:** The converse must follow.

**Mr. T. Gavin-Jones:** What does the Honourable Member mean? Does the Honourable Member deny that he raised the ratio?

**The Honourable Sir Basil Blackett:** A large part of the loss is due to the dislocation that will be due by the change.

**Mr. T. Gavin-Jones:** If you lose in one direction you must save in the converse direction. There must be a converse.

Now, Sir, if that 5·26 lakhs has been saved, where did he get it from? He did not get it from the manufacturers in foreign countries. The only place he can get it is from the producers in India. Now, Sir, the first effect of raising the ratio is to lower the price of exports and imports, and since the producer in foreign countries does not pay for the drop in prices of imports, therefore it must be the producer of exports who pays for the Government saving. Now, Sir, 75 per cent. of our exports are agricultural

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products and another 20 per cent. are exports of textiles, the raw products for the manufacture of which are supplied by the agriculturist at the reduced price, because the internal prices are governed by the export prices; therefore, Sir, it is the agriculturist who provides the savings that the Treasury makes.

That is not the only thing, because he also pays for the reduced price in imports, a very small part of the benefits of which reaches the agriculturist for we all know that the number of agriculturist as consumers of imports is not very great in proportion to their numbers. A few cotton goods and a few trinkets and amenities which he purchases from the importers is all that he gets; therefore the benefit that he gets from cheaper imports is very small indeed compared with what he loses in the drop in prices of the crops for export. This is not all, for he also pays for the enhanced sterling value of all remittances abroad, all remittances for dividends and personal remittances. This is a considerable amount. It comes to this then that it is mainly the agriculturist who pays for the savings of the Government, for the reduced price of imports by which the rich mostly benefits, and for foreign investors in the enhanced value of his investments in Indian securities. Some people may say that the imports for railway work, irrigation, P.W.D. etc., are part of the benefits which the agriculturist may get; but I submit, Sir, that it takes a very long time for this to reach the agriculturist and it does not benefit him directly, whereas the drop in value of his exports hits him at once.

This is only the beginning of this adjustment. The next part of the adjustment is the drop in internal prices. This, I understand, takes a considerable time. I find that the price of *bajra* and other internal crops are not affected very much and the drop in retail prices are still further delayed. This is the stage to which we have got in the adjustment of the 1s. 6d. rupee. The wholesale internal prices and retail prices have only just begun to be affected. As soon as this adjustment has taken place we must have a drop in wages. Now, Sir, it must not be imagined that the wage-earner can be left out. If prices drop all round, wages must of necessity drop. It is an economic impossibility to keep up wages and drop the prices of your products. You cannot fight against economic facts. Honourable Members sitting on the Government Benches, and unfortunately some Members on this Bench, seem to think that the wage-earner is something apart from the producer. The wage-earner is a producer, and if you hit the industry he serves, you must also hit the wage-earner. The wage-earner cannot be left out of the picture. Surely if the cultivator has to drop the price 12½ per cent. in all the crops he sells, he must eventually have to reduce the wages he pays. He probably has begun to do so already. Now we know, Sir, that wages have not changed a great deal. Therefore the adjustment to 1s. 6d. has not reached that point.

The coal-miners in Great Britain when coal prices were forced down owing to reducing the value of the currency found out to their cost that they could not fight against economic facts and had to reduce their wages in order to meet the reduced value of the exports of coal. Coal is an exporting industry to a great extent and imports very little, merely a few wood props. Therefore, coal was the first industry to be hit in Great Britain and the wage-earner in the coal mines was the first to reduce his wages and now those men have to wait till other wage-earners in Great



Britain have reduced their wages and the cost of living comes down before they can return to their old standard of living. This is a very painful process and it is the process which it seems to me the school of the one and six penny ratio want to force India through. Sir, the exact counterpart of the coal industry in Great Britain is the agricultural industry in India, for it is our main exporting industry and imports very little. The next process of the adjustment, and this process takes a great deal longer, is the repayment of debts, long-term contracts, rents, debentures, mortgages. This House has heard a lot about this, and I will not repeat it; but we all know that the higher ratio favours the creditor and the lower ratio favours the debtor, and the Government, by forcing up the rate to 1s. 6d. are putting money into the pockets of the financier, the capitalist and the moneylender, at the expense of the producer. Now, Sir, it may be thought by some that I have overemphasized the sad lot of the agriculturist, but I have taken the trouble to inquire into this matter. It may be thought that this loss does not get down to the agriculturist, that it is suffered by the so-called capitalist exporter. I went to the Director of Agriculture in the United Provinces and I said, "Now you are very interested in the agriculturist, will you tell me if the agriculturist is hit by the rise in exchange?" He said, "Certainly, there is no question about it," and he produced a graph in which he showed that the prices of wheat in the Punjab and the United Provinces for the last three years followed closely behind London prices. It was evident from that graph that the prices of wheat in the market at places like Lyallpur, Cawnpore or Delhi where the small agriculturist brings his cart of grain from the country to sell in the bazaar was directly effected by the London price. There is no question of the middleman coming in here. I know as a matter of fact that the great exporters work on a very fine margin; they buy mostly on commission by cable from their country and they have to work on a very fine margin, and the world market price gets directly down to the producer.

Now, Sir, I would like to look at this matter fairly and squarely and I have endeavoured to see both sides of the question; and it seems to me that both schools look upon it from a different angle of vision. The 1s. 6d. school says that the rupee rose naturally to the 1s. 6d. point and that prices have now adjusted themselves to this figure and that it would be a mistake to return to 1s. 4d. The 1s. 4d. school says that in 1924 the rupee could have been stabilised at 1s. 4d. but was arbitrarily raised to 1s. 6d., and that as it was arbitrarily raised to 1s. 6d. and money was taken out of the pocket of the producer and placed into the pockets of other individuals whom I have just described, it is only right that we should now put it back again into the pocket of the producer. The other argument of the 1s. 6d. school says that the adjustment has taken place; and the 1s. 4d. school says it has not begun to take place except in the matter of exports and imports. I have described how the stages of adjustment are reached, and I think all Honourable Members here will agree with me that we certainly have not adjusted our debts and our rents, and wages have not begun to be adjusted. Moreover, internal prices are only partially adjusted, special retail prices; and therefore I see no reason why we should not return to the 1s. 4d. ratio. I think the Government have made a great mistake in having allowed the Honourable the Finance Member, in his enthusiasm in the interests of the Treasury only without having fully considered the interests of the people, to fix the rupee at a higher ratio than was necessary. They have placed in the hands of Honourable Members

\* [Mr. T. Gavin-Jones.]

opposite a formidable weapon. They have enabled them to say that you Honourable Members sitting on the Government Benches who always say that you sympathise with the ryot, who say that you represent the interests of the ryot, you are the men who now let him down. I do not say that Honourable Members have done this deliberately but they have been blind to what has been happening and unfortunately in statesmanship sins of omission are as disastrous as sins of commission.

Finally, Sir, I would like to mention the psychological aspect of the question. Credit, confidence and goodwill are essential to any financial policy. When the return to the gold standard was being considered in Great Britain, when the sovereign value was being raised by about 10 per cent., the Right Honourable Mr. Mackenna said in one of his speeches that if nine-tenths of the people wanted this policy, for that reason only it was the right policy to adopt. Can the Honourable the Finance Member say that nine-tenths of the people of India want the policy of fixing the ratio at 1s. 6d.? Can he say that even fifty per cent. of the people want his policy? He knows he cannot; and, Sir, if only the people understood what it meant, I believe that 99 per cent. of them would say "We will have none of it." For these reasons, Sir, I support the amendment.

(Several Honourable Members moved that the question be put.)

**Sir Purshotamdas Thakurdas:** Sir, in the first place I propose to give my replies to the eleven questions of the Honourable the Finance Member which I promised yesterday I would give him at the first opportunity. I will read out the questions and the answers and I expect that if they do not meet with the approval of the Honourable the Finance Member they would at least appeal to him as being another side to the question from the one that he persists in looking at.

His first question was:

The silver rupee has no natural value other than the value of the silver bullion which it contains. Any other value than this for the silver rupee must be artificial.

My reply is: The silver rupee in the days before the closing of the Mint was a full value coin but since those days, as frequently stated by the Finance Member himself, it is merely a note printed on silver and therefore, like the ordinary paper currency note, its value depends not on the value of the material of which it is made, but on the amount of gold that it represents by law.

Question No. 2: No one ratio for the rupee can possibly be permanently more advantageous for India than another. The question is not, and never can be, whether one particular ratio, say, 1s. 6d. is permanently more advantageous for India than some other ratio, say, 1s. 4d. or 2s.

My answer is: The question is misleading because it is not a question of whether the one ratio or the other is advantageous or disadvantageous to India, but whether it is more advantageous or less advantageous to particular sections of the people of the country. The question then to be really examined is which section would be adversely affected by a particular ratio and if that section happens to be the most numerous and the poorest in the country, there is no justification for fixing a ratio that adversely affects that numerous section.

Question No. 3: All arguments based on the belief that the fixing of one ratio is definitely and permanently advantageous or disadvantageous to this or that interest are entirely irrelevant.

My reply is: There is no question of relevancy or otherwise in this argument. The real question is that all long-term contracts like debts, mortgages, etc., cannot be adjusted to the altered ratio, *i.e.*, reduced by  $12\frac{1}{2}$  per cent. The burden on the debtor class is permanent and is incapable of being readjusted in a country like India with an indebted peasantry forming the bulk of the population carrying the debt from father to son. The argument therefore deserves the most serious consideration and is certainly not irrelevant.

Question No. 4: A rising rate of exchange tends temporarily to assist imports and discourage exports. This tendency is often counteracted in whole or in part by movements in world prices as happened in the case of India from 1922 to 1925. I shall also read question No. 5 because I propose to give a common reply to both.

Question No. 5: A falling rate of exchange has the opposite tendency. But this again is often counteracted by external causes affecting the level of prices.

My reply is that, both rising and falling exchanges give temporary advantages or disadvantages as stated in the questions. But in the case of exports from India, which are in the major part raw materials, the actual grower of the raw material would be put to a severe loss by a permanently higher rate of exchange until his other charges, such as land revenue assessment, labour charges, rents and interest on debts are also adjusted to the appreciated value of the rupee, that is, until these are reduced by  $12\frac{1}{2}$  per cent. Until this adjustment comes about, the grower must continue to be robbed to the extent of non-adjustment in these charges, that is to the extent of  $12\frac{1}{2}$  per cent. difference made by the higher value of the rupee.

Question No. 6. A fluctuating rate of exchange restricts the volume of trade and commerce and subjects both the producer and the consumer to losses without necessarily profiting the middleman who is often unwillingly made a speculator when he would prefer to do safe business.

Question No. 7. A stable exchange is what everybody wants and is to everybody's interests.

Sir, my reply to questions Nos. 6 and 7 is: It is undoubted that a stable exchange is desirable. The middleman in particular is anxious to avoid fluctuations of exchange. But the stability that the Government now propose to give the country at 1s. 6d. may be dearly bought at the expense of the largest but poorest section of the population and at the expense of the country's gold resources. On the other hand, stabilisation at 1s. 4d. involves a question of temporary inconvenience at the worst, and that too only to a microscopic section of the commercial community in India who elect not to cover their exchange simultaneously with their contracts for import business. The question is whether such persons who

[Sir Purshotamdas Thakurdas.]

choose to take such a speculative risk in exchange deserve any consideration when it is borne in mind that exchange could have been covered for months ahead.

Question No. 8. In considering the fixing of the ratio at the present time, the first question must be "Is the time ripe for fixing the ratio"? The Currency Commission are unanimous in saying that it is.

My reply to this is. There is no difference of opinion in regard to this. In fact, Indian commercial opinion thought the time was ripe even in the monsoon months of 1924. It was then that the Finance Member wanted time.

Question No. 9. The only other relevant question is: "At what ratio can stability of exchange be most easily and quickly secured"? The Commission are unanimous on this point also.

My reply is: The question at what rate stability could be most easily and quickly obtained is not the only other relevant question as suggested. The real issue is at what rate stability should be achieved so as to do justice to the people as a whole. A further consideration in the selection of the rate to be stabilised is the question of maintainability of the rate of exchange selected, and experience during the current year, that is the financial year I mean, has conclusively proved that 1s. 6d. can only be maintained at heavy sacrifice of Indian gold resources and with heavy deflation of gold currency.

Questions Nos. 10 and 11. The Commission are unanimous in saying that if prices have adjusted themselves in a preponderant degree to the ratio of 1s. 6d. it is in the interests of India that the ratio should be fixed at 1s. 6d.

No. 11 runs as follows: If it is accepted that the time is ripe for stabilising the rupee, the only point open to argument is whether prices have adjusted themselves in a preponderant degree to the 1s. 6d. ratio. This is a question of fact to be examined as such.

My reply is this: The Commission themselves admitted that the index numbers available in India were so poor as could be relied upon only with serious reservations. In spite of this, they laid emphasis on this set of prices, namely, that the wholesale index numbers, principally of import and export commodities, entirely overlook the other sets of prices which, in the correct scientific sense, must also be adjusted if price adjustments are to be complete. This would necessitate a 12½ per cent. reduction in cost of living, in wages, in land revenue and other fixed payments, mortgage and other long term debts and interest rates. It has not been claimed that any of these have so far been adjusted or that their adjustment has commenced at all. Indeed, some of the latter, according to Prof. Keynes, are not capable of adjustment to the appreciation in the currency. The 1s. 4d. ratio is natural in the sense that economic conditions in India had adjusted themselves to it in the last thirty years.

**The Honourable Sir Basil Blackett:** Thirty?

**Sir Purshotamdas Thakurdas:** About 80: it is 28.

**The Honourable Sir Basil Blackett:** Twenty years.

**Sir Purshotamdas Thakurdas:** Thirty,—1898-1926—28 years.

**The Honourable Sir Basil Blackett:** It has not been at 1s. 4d. for all that time.

**Sir Purshotamdas Thakurdas:** It has been at 1s. 4d. gold all through except a very short period, I submit to the Finance Member. He can look at the official figures.

**The Honourable Sir Basil Blackett:** The figures deny the statement.

**Sir Purshotamdas Thakurdas:** Very well, let us compare them on the floor of the House. He is thinking of 1s. 4d. sterling; that is the difference, Sir.

Now, to go on, the proof of this is that in spite of the extraordinary amount of deflation of as much as Rs. 30·77 crores in the short space of ten months during the current financial year (1926-27), it has been found impossible to keep the rupee at 1s. 6d., and it constantly tends to go lower. How great this deflation is may be better understood from the evidence of the Finance Member himself before the Currency Commission. He there said, (Reply 283), that he put the maximum that can be deflated at 25 crores, while Sir Norcott Warren had suggested 10 crores as the maximum. (Replies 253 to 260). In another question No. 258, Sir Basil Blackett put it and showed more clearly that he was giving what seemed to be an over-estimate even at 25 crores as the amount of contraction of the circulating medium that was feasible.

When it is remembered that the present contraction of about Rs. 31 crores in the circulating medium has come on the top of previous deflation from 1920 onwards and the effect of such deflation must be cumulative and when we further remember that it has not been possible to keep the rupee above 1s. 6d. in spite of this, it will be easily seen that 1s. 6d. is not a "natural" ratio, that is, economic conditions in India have not yet adjusted themselves to it.

If the object of the questions is to get merely the admission that no ratio is natural and that therefore it can be varied by Government, the answer is that it can be so varied like any other standard measure provided Government also provide when making such a change on the Statute that all contracts in terms of the unit to be discarded are recast in terms of the new unit as otherwise it would operate as a fraud.

I have, Sir, given my replies which I consider to be full replies to the Finance Member's 11 questions. I shall now await replies from the Finance Member to the questions which I put to him yesterday and which are questions more relating to facts and figures than of opinion.

And, Sir, I wish to take up this debate in a few points only, and I hope I will not take a very long time in my observations this afternoon. My

[Sir Pushotamdas Thakurdas.]

Honourable friend from Bombay, Mr. Kikabhai Premchand, delivered his maiden speech to-day. Mr. Kikabhai and I have been personal friends, Sir, and I have the highest respect for the name that Mr. Kikabhai's firm bears and the name of Premchand Roychand is a name to conjure with in Bombay even to-day. To me as a personal friend of Mr. Kikabhai's it has been a matter of personal pain that he should have lent his assistance to the Government of India in what may not be a return to the normal ratio of 1s. 4d. by a nocturnal adventure as Mr. Kikabhai called it, but what certainly to the mind of most and myself here is a broad daylight loot of India under the guise of exchange. I cannot sufficiently deplore that my Honourable friend who kept to business till now should have taken to politics for the first time for a purpose which, I am afraid, will long rankle in the minds of Indians as being deplorable as connected with the house and family of the late and respected Seth Premchand Roychand.

**The Honourable Sir Basil Blackett:** Shame!

**Sir Purshotamdas Thakurdas:** Great shame, if I may say so. I did not want to use the word; but I only repeat the word used by the Finance Member.

Turning, Sir, to my Honourable friend, Sir Walter Willson, I wish to reply to a few points that he sought to make out, and in order that the House may be able to follow the difference between my outlook and his, I may tell Sir Walter Willson that I propose to give way every time that he seeks any opportunity to correct me or to complete any quotation which I may make in regard to what he said. Sir Walter Willson began or rather ended with a reference to a telegram which some friend of Sir Walter Willson I understand may have . . . (*Some Honourable Members:* "Newspaper report.")

**Sir Walter Willson:** I made it perfectly clear that I saw it in the "Indian News Agency" telegrams.

**Sir Purshotamdas Thakurdas:** As soon as my Honourable friends, Sir Victor Sassoon and Mr. Jinnah said so, I was going to correct it myself. Sir, I have the highest respect for the Bengal National Chamber of Commerce and I do not wish in the slightest degree to criticise that body. Every commercial body is at liberty to take whatever attitude it may like. But I think it is only fair even to the Bengal National Chamber of Commerce that I should put before the House a few facts as they stand. That body submitted a written memorandum to the Royal Commission, and, unless my memory fails me very much, that was in favour of 1s. 4d. They sent a representative of theirs to give evidence before the Royal Commission and he also favoured 1s. 4d. The said Bengal National Chamber was represented at the Federation of Indian Commercial Bodies at their meeting at Calcutta last December and no representative of the Bengal National Chamber opposed the resolution passed at the Federation meeting in Calcutta last December in favour of 1s. 4d. It is quite possible that the Bengal National Chamber, their Committee and even their members in general meeting assembled may have changed their opinion. I have no information about it. But until I have definite

information about it, I may be excused if I say that this is one more proof of the activity of certain interests in the direction of getting support to the 1s. 6d. ratio at this significant juncture.

Now, regarding the Tea Association and their opinion, Sir Walter Willson reminded us that even though my esteemed friend, Mr. Chalmers may vote for 1s. 4d. he warned the House that that must not be taken as representing the opinion of the Tea Association. I always thought that my Honourable friend, Mr. Chalmers, very creditably represented the opinions and the best requirements of the Tea Association. It is a pity that Mr. Chalmers and the Tea Association differ on this question. I think it is a great thing to be said in favour of Mr. Chalmers that he will stand out for the real interests of India and refuse to be carried away by the opinion of even the Tea Association. I now propose to give not my own opinion, but I propose to read from a letter that I received from a person whom I did not know and whom I still do not know. And that letter, when I have read it, will tell the rest of the story. It is a letter which I received on the 22nd November, 1926. It runs as follows:

"I am a complete stranger to you, but I feel it to be my duty to write and thank you for your splendid services to India and to all permanent residents in it, who owe you a debt of gratitude for the strenuous fight you are conducting against the efforts of Government to permanently fix the rupee at 18 pence, to the great detriment of all agriculturists, in fact to all producers in India."

**Mr. K. Ahmed:** Who is he?

**Sir Purshotamdas Thakurdas:** If my friend will have patience, he will know who the writer is.

"I belong to the European community, but am settled in this country, where I expect in due course to end my days, and in this respect I differ from most Europeans who are out in this country to make money and take it out of the country with them; under these circumstances I regret that you can receive but little sympathy from Europeans in general, the 18d. ratio being distinctly more favourable for sending money out of the country. A European friend of mine, also a permanent resident in this country, who is a coffee estate owner, also sends you his best wishes; his position shows very plainly the great loss the agriculturist suffers through the 18d. exchange. If he sells £100 worth of coffee in London he would get Rs. 1,500 at the 16d. ratio and only 1,337 at the 18d. ratio, and surely it is more to the advantage of India to encourage money coming into the country than to give good facilities for it to leave India. I am a retired planter."

(*An Honourable Member:* "I should like to know his name"). I can pass on the correspondence to you. (*Sir Darcy Lindsay:* "What is his name"). Sir, the Finance Member when he read from a broker's circular the other day declined to give the name of the broker.

**The Honourable Sir Basil Blackett:** It is not fair to ask us to give the names.

**Sir Purshotamdas Thakurdas:** After all in one matter at least I quite agree with the Finance Member. I am quite willing to pass on this correspondence to anybody who wants to see it. There is nothing confidential about it. I have the consent of the courageous and righteous writer of this letter to show his letter to anybody. All that he says is that he does not seek advertisement, and therefore I am anxious that his name should not appear in the Press.

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Now, Sir, what this planter writes so frankly is what the Lords of the Treasury said in that minute which the Honourable Pandit Madan Mohan Malaviya read yesterday, that the higher exchange would benefit Englishmen who have money to remit to England. Therefore it is to the lasting credit of my esteemed friend Mr. Chalmers if he is supporting the 1s. 4d. ratio. And we are waiting for the day when the Tea Association and, if I may say so, the Associated Chambers of Commerce representative in this House would similarly stand up and support measures which are expected to benefit India.

Sir, my friend Sir Walter Willson asked for the calm and considered opinion of Chambers of Commerce, but then he seemed to forget that there are bodies like Indian Chambers of Commerce. He said that all except the one represented by Mr. Gavin-Jones were in favour of 18d. What about the Indian Chamber of Commerce? Does my Honourable friend suggest that the Indian Chambers of Commerce do not deserve consideration?

**Sir Walter Willson:** Does not the Honourable Member know that I represent the "Associated Chambers of Commerce of India" in this House, and when I speak for them I speak for that precise body and not for my Honourable friend's Chamber of Commerce as he very well knows?

**Sir Purshotamdas Thakurdas:** If my Honourable friend had only said the "European Chambers of Commerce" I, Sir, would not have raised this question. Now that he has made it clear I have no quarrel with him at all. I accept it subject to the correction which has been supplied by Mr. Gavin-Jones. It is not one but two European commercial bodies. That is what I understood Mr. Gavin-Jones to say.

**Sir Walter Willson:** The one I referred to was also the one referred to by Mr. Gavin-Jones. Sir Purshotamdas Thakurdas may safely leave it to me, when I speak representing the Chambers of Commerce, to be perfectly sure of the number of the Chambers I am representing.

**Sir Purshotamdas Thakurdas:** Yes, Sir, subject to any correction that Mr. Gavin-Jones may have given. (Laughter) I am sorry. I apologise. But it must be remembered that my friend would not give way to me when I wanted to quote to him paragraph 65 of my Minute in order to explain paragraph 177 of the Report. Sir, I take it then that Sir Walter Willson admits that the European Chambers of Commerce except one or two are for 18d.

**Sir Walter Willson:** I am extremely sorry to interrupt my Honourable friend again, but he is not in order in referring to them necessarily as "European" Chambers of Commerce. There are a great many Indian members of our Chambers.

**Mr. President:** Points of order will be decided by the Chair.

**Sir Purshotamdas Thakurdas:** Yes, Sir, I call them European Chambers because each Chamber has a majority of European members, and



that cannot be contradicted by Sir Walter Willson. If that were not so he could not have got the 18d. opinion from any of them. I say that definitely and I say that without fear of contradiction. Therefore, those Chambers of Commerce which are swayed by European opinion are in favour of 18d. (*An Honourable Member*: "The Bengal National Chamber.") We have dealt with it, and I do not wish to criticise it in the absence of further information. All the Indian Chambers of Commerce, Sir, are in favour of 1s. 4d. In fact the Finance Member, I think in reply to a question of mine, gave 25 names or so. I took part in Calcutta in a meeting where there were representatives from about 44 Chambers of Commerce and Indian commercial bodies. It therefore distinctly comes to this, that this is a question in which the interests of the European and the Indian are wide apart.

**Sir Walter Willson**: Not at all.

**Sir Purshotamdas Thakurdas**: It cannot but be that, The interests of Europeans who are not residents of this country lie in getting as high a rate of exchange as possible, in order that they may remit their savings to England and get more sterling there.

**Mr. Arthur Moore**: And make the English pay. It is the English who have to pay if their pound is sold cheap.

**Sir Purshotamdas Thakurdas**: Sir, the English do not pay at all. Distant is the day when India can make England pay. We do not want it so either. All that we ask for is that England should treat India with justice and fairness. There is no question of our making England pay. We have not the power, leave aside the will. Therefore, Sir, the two interests are diametrically opposed. As I was quoting from that planter, the fact of the matter is that those who make their money here in rupees benefit by having a higher rate of exchange, so that they may, when they remit their money abroad, get more gold. I feel therefore, Sir, that even the opinion of my esteemed friend Sir Walter Willson may be discounted for the purpose of the best interest of India in this question when we bear in mind that he represents here a constituency whose best interests are served by the highest rate that can possibly be got in order that their members may get more pounds sterling with their Indian rupees.

**Sir Walter Willson**: Not at all.

**Sir Purshotamdas Thakurdas**: You may protest but you will fail in reasoning out your protest.

A few points more, Sir, and I will have finished. Mr. Moore I understand interrupted me and said "made England pay". I have noticed, Sir, in the newspapers a letter from a gentleman called E. L. Price from Karachi. (*An Honourable Member*: "He was a Member of this House previously.") I am sorry he is not a Member here to-day. He poses as a friend of India and a friend of Indian labour. He asks whether there is any gratitude in Bombay and writing in the *Times of India*, dated 30th December, 1926, he advised labour to support Government. He went on

[Sir Purshotamdas Thakurdas.]

in that letter, Sir, with this: he said that the salaried European with children to educate in England regards Bombay's action as little short of criminal. That, Sir, when I read it, was a most touching appeal to me. I believe and I agree that if the ratio is put down at 1s. 4d., the European who makes his money either in business or on a fixed pay here, and who has to remit part of it for the education of his children abroad will suffer. I would never be a party to this if I were not confronted by the undeniable fact that unless 1s. 4d. is put on the ratio, crores of my Indian countrymen, their wives and children, will suffer much more than the wives and children of the few Europeans who, after all, to-day seek to stick to what is an unearned increment, what they never should have got, and what they only got because the Government of India had not the courage of their convictions or in any case had not the opportunity to insist on in 1924 that when the rupee reached 1s. 4d., it should have been stabilized. I therefore feel, Sir, with regard to those Europeans who have a grievance against India or against people like me who are pressing for the 1s. 4d. ratio, that I should ask them to think of the wives and children of the Indian producer and others who are hit by the higher ratio, and when the two are compared, I am sure that an impartial person will say that the Indian has the greater claim, and the European may be asked to give away what was an unearned increment to him.

Sir, it was said by Sir William Hunter as far back as 1879 that he often asked himself whether "the prosperity of the prosperous in India is not highly paid for by the poverty of the poor in India, and whether this splendid fabric of British rule does not rest on a harder struggle for life." Those words, Sir, which were said by the first Director of Statistics in the eighties of last century are as true to-day as they were on the day that Sir William Hunter asked those words to himself. The question is, is this House going to make to-day, by their vote on this question, that struggle still harder and to rob the Indian cultivator of what he is in justice entitled to, because the standard of measure of money cannot possibly be changed, unless absolutely unavoidable, without doing a lasting injustice to him, lasting injustice in regard to his debt and injustice over a fairly long period regarding the return to him. I venture, therefore, Sir, to think that hardly anything more is necessary for me to say to commend this amendment to the House. I feel to-day, Sir, absolutely relieved of the responsibility which I carried since the day I put my Minute of Dissent on to the Royal Commission Report. I pass on to-day, Sir, to the representatives of the country in this Assembly the whole responsibility in regard to this question, and should the Assembly do what giants like Dadabhoy, Romesh Chunder Dutt and Gokhale very strongly protested against in the past, the responsibility, Sir, will not be mine but will rest with this House. It may be my regret that the House did not rise to the occasion and to the full responsibility demanded by the question. But I feel to-day now that after giving my support to this amendment, I may well feel relieved and feel that I have passed on my responsibility to stronger and more capable hands who will know how to handle it and how to carry it through.

The only charge, Sir, that I am anxious to meet is that what I am pressing for is all a capitalist's game. The one charge that I have heard

here and outside, and unfortunately in responsible quarters too, is that I put forward the arguments of the millowner and of the merchant who wanted inflation. Regarding inflation and deflation, Sir, I read a few extracts from the Right Honourable M'Kenna's speech and we will hear a few more details about it from the Finance Member when he gives replies to my questions of yesterday. If a man can be honest and can take it that somebody else can also be honest, I would like him to believe that all through the period of my work on the Royal Commission there was no motive in my mind, except the one of doing service to India, in the best interests of India, and with the least injustice possible to anybody. It was a question of India as a whole and not of one section or the other in or of India. But, Sir, the question of ratio bears not even the suspicion or the mark of capitalistic tendency. See what Romesh Chandra Dutt said regarding what would happen if an appreciated ratio is put on the Statute. If 1s. 6d. is put on the Statute instead of 1s. 4d. in the words of Mr. Romesh Chandra Dutt:

"Throughout the bazaars and money markets of India, the effect of raising the value of the rupee is to add to the profits of the rich moneylender, and to enhance the liabilities of the poor cultivator who has a debt."

In the words of a great person who was the pride of Indian politicians in the last century. I mean Mr. Dinshaw Wacha of the last century, with an appreciated currency:

"There would be a sweeping transfer of property from the producing working masses who create the wealth and make the prosperity of the Empire to the servants of these millions and to the parasites who prey upon them."

If a capitalist, Sir, looks at things from a purely selfish point of view, he would benefit by the higher ratio. Is it a crime that a man has a little money that he may not even support the right cause in the interest of the poorest of this land? It is unfair, it is unjust, it is churlish, to charge a man with having been inspired by anything less noble than the best interests of the country. I am confident of my countrymen and I do not care, Sir, for anything else. I am confident of my countrymen that they trust me and have confidence in me.

(Several Honourable Members moved that the question be put.)

**Mr. President:** I am surprised that the closure is being moved from the Government Benches, considering that the Honourable the Finance Member has not yet taken part in the debate. If I accept the closure now the Honourable the Finance Member will lose his right of speaking. If he does not wish to speak, I will accept closure.

**The Honourable Sir Basil Blackett:** I have no desire to speak, Sir.

**Sir Purshotamdas Thakurdas:** He has got the votes.

**Mr. President:** The question is that the question be now put.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhamadan): The Chair has only considered the wishes of the Government Benches. There are several Members on this side who have been patiently

[Sir Hari Singh Gour.]

waiting to speak, but allowed the Members especially acquainted with the subject to speak first. I understood the Home Member to say the other day that if the debate is not concluded in two days it will be carried over to Saturday; and I therefore, Sir, oppose the closure moved by the Government.

**Mr. President:** When the Finance Member asked me about an hour back whether I was going to accept the closure if moved, I told him that unless both sides of the House would agree to closure, I was not prepared to accept it. On this occasion several Members on this side of the House also got up to move the closure and I took it that both sides were agreed and therefore I put the question. I do not understand why the Honourable Member raises this objection when both sides of the House are in agreement.

The question is that the question be now put.

The motion was adopted.

**Mr. President:** The question is:

"That in clause 4 for the words 'twenty-one rupees three annas and ten pies' the words 'twenty-three rupees fourteen annas and four pies' be substituted."

The Assembly divided:

#### AYES—65.

Abdul Latif Saheb Farookhi, Mr.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Birla, Mr. Ghanshyam Das.  
Chalmers, Mr. T. A.  
Chaman Lall, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Gavin-Jones, Mr. T.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jinnah, Mr. M. A.  
Jogiah, Mr. Varahagiri Venkata.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.  
Kidwai, Mr. Rafi Ahmad.  
Kunzru, Pandit Hirdav Nath.  
Lahiri Chaudhury, Mr. Dhirendra  
Kanta.  
Lajpat Rai, Lala.

Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Nehru, Pandit Motilal.  
Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Phookun, Srijut Tarun Ram.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rahimtulla, Mr. Fazal Ibrahim.  
Rananjaya Singh, Kumar.  
Rang Behari Lal, Lala.  
Ranga Iyer, Mr. C. S.  
Roy, Mr. Bhabendra Chandra.  
Sarda, Rai Sahib Harbilas.  
Sarfaraz Hussain Khan, Khan.  
Bahadur.  
Sassoon, Sir Victor.  
Shafee, Maulvi Muhammad.  
Shervani, Mr. T. A. K.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Gangenand.  
Sinha, Mr. Ambika Prasad.  
Sinha, Mr. Siddheswar.  
Tok Kvi, U.  
Vishindas, Mr. Harchandrai,  
Yusuf Imam, Mr.

## NOES—68.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Matin Chaudhury, Maulvi.  
 Abdul Qaiyum, Nawab Sir San.bzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
   A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ariff, Mr. Yacoob C.  
 Ashrafuddin Ahmad, Khan Bahadur  
   Nawabzada Sayid.  
 Ayyangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
   Gopalaswami.  
 Bhow, Mr. J. W.  
 Bhuto, Mr. W. W. Illahibakhsh.  
 Blackett, The Honourable Sir Basil.  
 Coatsman, Mr. J.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Dalal, Sir Bomanji.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Ghazanfar Ali Khan, Raja.  
 Ghulam Kadir Khan Dakhan, Mr.  
   W. M. P.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hezlett, Mr. J.  
 Howell, Mr. E. B.  
 Hyder, Dr. L. K.  
 Innes, The Honourable Sir Charles.  
 Ismail Khan, Mr.  
 Joshi, Mr. N. M.  
 Jowahir Singh, Sardar Bahadur  
   Sardar.

Kabul Singh Bahadur, Risaldar-Major  
   and Honorary Captain.  
 Keane, Mr. M.  
 Khin Maung, U.  
 Kikabhai Premchand, Mr.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
   Nath.  
 Mohammad Ismail Khan, Haji  
   Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
   Alexander.  
 Muhammad Nawaz Khan, Lieut.-  
   Sardar.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Natiq, Maulvi A. H.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur M. C.  
 Rajan Bakhsh Shah, Khan Bahadur  
   Makhdum Syed.  
 Rao, Mr. G. Sarvotham.  
 Rau, Mr. H. Shankar.  
 Roy, Mr. K. C.  
 Roy, Sir Ganen.  
 Ruthnaswamy, Mr. M.  
 Shah Nawaz, Mian Mohammad.  
 Singh, Rai Bahadur S. N.  
 Singh, Raja Raghunandan Prasad.  
 Suhrawardy, Dr. A.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Yakub, Maulvi Muhammad.  
 Young, Mr. G. M.  
 Zulfiqar Ali Khan, Nawab Sir.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock, on Wednesday, the 9th March, 1927.



# LEGISLATIVE ASSEMBLY.

*Wednesday, 9th March, 1927.*

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### SUBJECTS LAID BEFORE THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

**815. \*Sir Hari Singh Gour:** With reference to the Honourable Sir Charles Innes' statement made in the course of his speech in the Assembly on the 25th February, 1927, enumerating the subjects laid before the Central Advisory Council for their opinion, will the Government be pleased to state the subjects upon which the opinion of the Council was accepted and acted upon and the subjects upon which its advice was not accepted and acted upon?

**The Honourable Sir Charles Innes:** The statement is being prepared and will be supplied to the Honourable Member.

**Sir Hari Singh Gour:** Will the Honourable Member be pleased to lay it on the table of the House as soon as it is ready?

**The Honourable Sir Charles Innes:** I shall consider the point when I see the statement.

### PRIZE OF DELHI SCHEME.

**816. \*Mr. M. R. Jayakar:** Will Government be pleased to state whether:

- (1) they have taken any and what active steps for the promotion of the scheme for the encouragement of Indian Art known as the Prize of Delhi Scheme?
- (2) they have received any and what suggestions from the Provincial Governments on the Note on the proposed Central Art Institute published and circulated by the Government of India?
- (3) they have received any and what suggestions about the Prize of Delhi Scheme from any individuals or institutions in England?
- (4) they have formulated any and what definite policy for the mural decorations of the buildings at New Delhi?

**The Honourable Sir Bhupendra Nath Mitra:** (1), (3) and (4). The answer is in the negative.

(2) The suggestions made by Local Governments on the proposal to establish a Central Art Institute at Delhi are at present under consideration by the Government of India, and they are not in a position at this stage to place them before the House.

## SALE OF QUININE BY THE POST OFFICE.

817. **\*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to state the value of quinine sold through the agency of the Post Office in each of the last five years?

(b) Is it a fact that for increasing the sale of quinine the rate of commission granted to the postal employees has been reduced from annas ten to six annas? Has the price of quinine been correspondingly reduced? If not, why not?

(c) Is there any rule of the department by which the postal employees are bound to sell quinine?

(d) Do Government propose to increase this rate of commission?

**Sir Ganen Roy:** (a)

1921-22	. . . . .	Rs. 5½ lakhs.
1922-23	. . . . .	" 4 "
1923-24	. . . . .	" 5 "
1924-25	. . . . .	" 4 "
1925-26	. . . . .	" 4½ "

(b) It is a fact that the rate of commission has been reduced as stated. The price of quinine has also been reduced from six annas to four annas six pies per tube of 20 tablets. The third part of the question does not arise.

(c) No.

(d) Government have no proposal before them.

**Mr. K. Ahmed:** Do Government propose to state what is the percentage of income on the money they have utilised for the sale of quinine through Post Offices?

**Sir Ganen Roy:** I regret I cannot answer that question.

**Mr. K. Ahmed:** Will Government, for the information of the Honourable Members of this Assembly, state what is the percentage of the income they derive from the money utilised for the purchase and sale of quinine?

**The Honourable Sir Bhupendra Nath Mitra:** I did not quite catch what precise information the Honourable Member wanted. I may, however, mention that the Government of India make no profit out of the sale of quinine.

**Mr. K. Ahmed:** Do they make any loss?

**The Honourable Sir Bhupendra Nath Mitra:** The matter is not one with which the Postal and Telegraph Department are concerned.

CREDIT TAKEN IN THE ACCOUNTS OF THE POST AND TELEGRAPH DEPARTMENT FOR SERVICES RENDERED IN RESPECT OF CERTAIN KINDS OF NON-POSTAL WORK.

818. **\*Mr. Bhabendra Chandra Roy:** Is it a fact that no credit is made in the Postal Account for profits accruing from non-postal work, such as the sale of quinine, Postal Insurance, Cash Certificates, G. P. Notes, Savings Bank, Salt Revenue, Customs Duty, etc.? If so, why not? If not, will they be pleased to state under what head of the Budget for Post and Telegraphs they are shown?



**Sir Ganen Roy:** Yes. Credit is taken in the Budget under Abstract O of the Detailed Statements in support of Demands for Grants for the Post and Telegraph Department for services rendered in respect of the following non-postal works:

- (i) Postal insurance,
- (ii) Cash Certificates,
- (iii) Savings Bank including transactions in connection with G. P. notes,
- (iv) Customs Duty.

For the sale of quinine the department does not get any credit but the postal officials selling quinine get the commission themselves. The commission for the realisation of salt revenue by the post office is credited in the accounts of the Department under the head "unclassified receipt" which is incorporated in "Miscellaneous Revenue"—Detailed Account No. B under head "XV—Posts and Telegraphs" at page 98 of the Detailed Statements in support of Demands for Grants for the Post and Telegraph Department.

#### POST OFFICE GUARANTEE FUND.

819. **\*Mr. Bhabendra Chandra Roy:** 1. Will Government state the class of employees who contribute to the Post Office Guarantee Fund, the rate of contribution paid by them and the total amount of the fund kept in deposit under the custody of the Government?

2. (a) Will Government be pleased to state the rate of contribution paid by the Government and the telegraphists to the fund and what is the total amount paid by the Government and the telegraphists separately?

(b) Will Government be pleased to state the total amount spent by Government in payment of compensation for highway robberies or for other causes, the total amount paid to the telegraphists and to the postal employees during the last ten years separately?

(c) Is it a fact that the telegraphists did not contribute anything to the fund and if so, will the Government be pleased to say why the benefit of the fund has been extended to them?

(d) Is it a fact that the fund has been closed? If so, why? In what item has the balance, if any, of the fund been credited?

(e) Do Government propose to refund the balance to the representative of the persons who contributed to the fund?

**The Honourable Sir Bhupendra Nath Mitra:** The information desired by the Honourable Member is being collected and will be furnished to him as soon as possible.

#### EXTENSION OF THE POST OFFICE LIFE ASSURANCE SCHEME TO PERSONS PAID FROM LOCAL FUNDS.

820. **\*Mr. Bhabendra Chandra Roy:** (a) Is it a fact that the postal life insurance has been extended to semi-Government officials?

(b) Do Government propose to extend the benefit of postal life insurance system to the extra-departmental agents?

**Sir Ganen Roy:** (a) The Post Office Life Insurance scheme is extended to servants paid from "Local Funds" as defined in Article 33 of the Civil Service Regulations.

(b) The question will be considered.

#### UTILISATION OF THE PROFITS EARNED ON POSTAL LIFE INSURANCES.

821. **\*Mr. Bhabendra Chandra Roy:** (a) Are Government aware that many private insurance companies in spite of their heavy cost of establishment and agency commission derive huge profits?

(b) Will Government be pleased to place the account of their Insurance Branch showing the profit earned on the Postal Life Insurances effected?

(c) Will Government be pleased to state how the amount of profit from Postal Insurance has been credited to the postal accounts for the last 10 years? If no credit has been made how has the profit been utilised?

**Sir Ganen Roy:** (a) Government understand that many private insurance companies do make considerable profits notwithstanding the cost of establishments and other charges.

(b) The Honourable Member is referred to pages 15 and 37 of the Indian Life Assurance Year Book, 1924-25, which is in the Members' Library.

(c) The profit is not credited in the accounts of the Post Office. Profits are utilised for the benefit of policy-holders by means of reversionary additions to the sums assured.

#### NUMBER OF INDIANS HOLDING APPOINTMENTS OF SECRETARY, JOINT SECRETARY, ETC., IN THE DEPARTMENTS OF THE GOVERNMENT OF INDIA.

822. **\*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to state the total number of the following posts, either permanent or temporary, in February, 1927, in each of the Departments of the Government of India?

- (1) Secretaries,
- (2) Joint Secretaries,
- (3) Additional Joint Secretaries,
- (4) Deputy Secretaries,
- (5) Additional Deputy Secretaries,
- (6) Under Secretaries.

(b) Will Government be pleased to state the number of such posts in existence in 1923?

(c) Will Government be pleased to state the number of Indians who occupied each of the abovenamed posts before the resolution on the subject of Indianising these posts was moved in the last Council of State by the Right Honourable Srinivasa Sastri and also the number of Indians holding each of those posts in February, 1927?

(d) How many Indians are holding such posts in officiating arrangements and how many are holding those posts in permanent arrangements?

**The Honourable Sir Alexander Muddiman:** I am having the information collected and will communicate it to the Honourable Member in due course.

POLICY IN REGARD TO THE INDIAN STORES DEPARTMENT.

823. **\*Mr. Bhabendra Chandra Roy:** Is it a fact that the Government's intention and policy was to curtail the Indian Stores Department in London with the gradual increase of the Stores Department in India?

**The Honourable Sir Bhupendra Nath Mitra:** The policy of the Government has been to develop the Stores Department in India on efficient lines so as to enable it to deal with the requirements of various Departments of the State, in conformity with the principles enunciated in the Stores Purchase Rules. It has also been the intention of the Government of India to effect reductions in the India Store Department, London, as soon as experience has shown that the volume of work devolving on that Department had diminished to such an extent that reductions could be made without serious loss of efficiency.

REDUCTION OF THE EXPENDITURE OF THE INDIA STORE DEPARTMENT, LONDON.

824. **\*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to state the total amount of expenditure on the Indian Stores Department in London prior to the establishment of the Stores Department in India and the total expenses of the London Stores Department in 1926-27 as well?

(b) Will they be pleased to give the total expenses of the Stores Department in India in 1926-27?

(c) Has any reduction in expenditure been made in the Stores Department in London under the High Commissioner for India? If so, how much and if not, why not?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The attention of the Honourable Member is invited to paragraph 8 and Appendix E of the Report on the work of the India Store Department, London, for the year 1925-26, a copy of which will be found in the Members' Library. Actual figures for the year 1926-27 are not yet available.

(b) The total expenditure of the Indian Stores Department for the year 1926-27 is estimated at Rs. 16,20,000 approximately.

(c) The answer is in the negative. It has not been found possible to reduce the expenditure of the India Store Department, London, as the staff at present employed is the minimum necessary for the efficient performance of the duties devolving on that Department under the existing Stores Purchase Rules. I may add for the Honourable Member's information that on the termination of the contracts with the East Indian and Great Indian Peninsula Railways in 1925 the duties connected with the purchase of stores required for these two Railways which had previously been performed by the Home Boards of these Companies devolved on the London Stores Department. I would in this connection invite the Honourable Member's attention to pages 353 to 355 of the Proceedings of the meeting of the Standing Finance Committee for the 27th January, 1927.

**Mr. B. Das:** May I inquire what in the opinion of the Honourable Member would be the number of years in which he can bring the Indian Stores Department in India to efficiency, so that the Stores Department in London could be reduced in staff.

**The Honourable Sir Bhupendra Nath Mitra:** I submit, Sir, that asks for an expression of opinion.

**Mr. B. Das:** May I inquire whether the Indian Stores Department in India can at all be brought to a pitch of efficiency so that the staff and expenditure of the London Stores Department can be reduced?

**The Honourable Sir Bhupendra Nath Mitra:** Until the present Stores Purchase Rules are altered, and as I said in this House the other day in reply to a question by my friend Mr. Jinnah the question of amending them is under our consideration, it is not possible to make any reduction in the existing establishment at the present time.

**Mr. B. Das:** May I inquire if it is not a fact that the Government of India are spending more than 25 lakhs of rupees in the management of the Stores Department in India without any reduction and without giving effect to the recommendations of the Stores Purchase Committee?

**The Honourable Sir Bhupendra Nath Mitra:** As I have said, Sir, the present stores purchase arrangements of the Government of India are based on the Stores Purchase Rules as they are now in force. So long as those rules stand there, it is not possible to make any reduction in the staff of the London Store Department, consistently with the efficiency of the work to be performed by that department. I have also stated that one of the reasons why a reduction has not been possible is that additional work has been thrown on the London Store Department.

**Mr. B. Das:** May I inquire if Government wish to amend the Stores Purchase Rules so that the changes suggested may be given effect to?

**The Honourable Sir Bhupendra Nath Mitra:** I think I gave an answer to that question in reply to a question put to me by my Honourable friend Mr. Jinnah the other day on the floor of this House.

#### INDIANISATION OF THE OFFICE OF THE HIGH COMMISSIONER FOR INDIA IN LONDON.

825. **\*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to give the total number of employees excluding the menials in the office of the High Commissioner for India in London and how many of them are Indians?

(b) Is there any system by which Indians from India are recruited for the appointments in the High Commissioner's office?

(c) Do Government propose to Indianise the office of the High Commissioner for India in London?

(d) Are Government aware that there are Indian employees under the Government of India or under Local Governments who would be willing to have their services transferred there on receipt of an overseas pay? If not do Government propose to make an inquiry and recruit such Indians for the High Commissioner's office and thereby Indianise that office?

**The Honourable Sir Charles Innes:** (a) The total number of employees is 402, of whom 44 are Indians, including Anglo-Indians.

(b) No.

(c) As a result of the adoption by the Council of State on the 8th September, 1925, of the Honourable Sir Phiroze Sethna's Resolution on this

subject, the High Commissioner has been instructed that, consistently with economy and efficiency, opportunities should be taken to Indianise the higher staff of his establishment.

(d) No. Government do not propose to make the inquiry suggested. It is always open to Indians in this country to apply for appointments direct to the High Commissioner in London.

**Mr. Gaya Prasad Singh:** How many are Indians and how many Anglo-Indians?

**The Honourable Sir Charles Innes:** I am sorry, Sir, I have not been able to distinguish between the two.

STAFF EMPLOYED ON A SALARY OF RS. 300 AND ABOVE IN CONNECTION WITH THE CONSTRUCTION OF NEW DELHI.

826. **\*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to state the number of posts that were in existence for the construction of New Delhi in 1923-24, carrying a salary of Rs. 300 and above giving the designation of each kind of posts (such as Chief Engineers, Executive Engineers, Assistant Engineers, Sub-Engineers, Estate Officers, Assistant Estate Officers, etc.)?

(b) Will Government be pleased to state the maximum number of posts of each kind as above-mentioned sanctioned by Government and to state the year in which the maximum sanctioned strength was employed for the construction of New Delhi?

(c) Will they be pleased to state the number of each of such posts in existence in February, 1927?

**The Honourable Sir Bhupendra Nath Mitra:** A statement giving the information asked for is laid on the table.

*Statement.*

	No. of posts in 1923-24.	Maximum sanctioned scale.	Actual in February 1927.
Chief Engineer . . . . .	1	1	1
Superintending Engineers . . . . .	4	4	4
Executive Engineers (Permanent and Temporary) . . . . .	11	13	9
Assistant Engineers . . . . .	22	44	7
Architects and Quantity Surveyors . . . . .	4	4	3
Estate Officers and Assistant Estate Officer . . . . .	2	3	2
Medical and Health Officers . . . . .	2	2	2
Horticultural Superintendents . . . . .	3	4	2
Work Assistants . . . . .	11	12	11
Miscellaneous Appointments . . . . .	8	8	6
Clerical, Drawing and Accounts Staff . . . . .	12	12	12
Temporary Sub-Engineers . . . . .	6	6	5
Temporary Subordinates . . . . .	2	2	1

The maximum sanctioned strength has never been worked up to in practice.

**RECRUITMENT OF ANGLO-INDIANS TO THE SECOND DIVISION OF THE  
GOVERNMENT OF INDIA SECRETARIAT.**

**827. \*Mr. Bhabendra Chandra Roy:** (a) Will Government be pleased to state the number of Anglo-Indians in each of the Departments of the Government of India Secretariat who are permanently employed in the second division and who were recruited on the minimum pay of Rs. 100 fixed for that division?

(b) Will Government be pleased to state the number of Anglo-Indians recruited in each of the Government of India Secretariat Departments in the second division since the last reorganisation of pay of the Government of India Secretariat establishment and the minimum pay at which each one was recruited?

(c) Is it a fact that not a single Anglo-Indian has been recruited in the second division of the Government of India Secretariat on a minimum pay? If so, why?

**The Honourable Sir Alexander Muddiman:** (a) and (b). The information is not readily available and its value when collected would not, in the opinion of Government, justify the time and labour involved in its collection.

(c) The reply is in the negative.

**EXEMPTION OF ANGLO-INDIANS WHO WERE DEBARRED FROM PROMOTION  
TO FIRST DIVISION APPOINTMENTS IN THE GOVERNMENT OF  
INDIA SECRETARIAT.**

**828. \*Mr. Bhabendra Chandra Roy:** (a) Is it a fact that the Staff Selection Board made a rule that if a departmental candidate got plucked in the first division test for 3 years, he was permanently debarred for the first division appointments?

(b) If so how many Anglo-Indian departmental candidates got plucked for three years and how many of them were permanently disqualified?

(c) Is it a fact that in some departments these Anglo-Indians are being recommended for exemptions to the Public Service Commission and for the removal of that bar? If so, which are the departments?

(d) Will they be pleased to state the names of such Anglo-Indians whose bars have been so removed?

(e) Was any Indian so declared permanently unfit and if so, how many? In how many such cases have the bars been removed? If not, why is this racial distinction being introduced in the Government of India Secretariats?

**The Honourable Sir Alexander Muddiman:** The information has been called for and will, if available, be supplied to the Honourable Member in due course.

**EXPENDITURE ON INDIAN TROOPS EMPLOYED OUTSIDE INDIA.**

**829. \*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if it is a fact that Earl Winterton, while replying to Mr. George Lansbury in the House of Commons on November 25, 1926, said that there were some Indian troops serving outside India the cost of which was wholly or partly borne by the Government of India?

(b) What cost had the Government of India to bear for them?

(c) Will Government please state the reasons why they were paid for by the Government of India?

**Mr. G. M. Young:** (a) Yes.

(b) The troops to which Lord Winterton referred are Indian troops employed on consular escort duty at various places where Consuls or other Diplomatic agencies are maintained. I cannot give the Honourable Member the exact cost. The total number of such places is 8, and the total number of Indian troops employed on consular escort duty is only 71. As half the cost of these guards is borne by the Imperial Government, the cost to Indian revenues must be very small. Lord Winterton also referred to half a company of Indian Infantry stationed temporarily at Bahrein. The half company was at Bahrein for 5 months only, and was also employed on escort and guard duties. The entire cost of this detachment is, however, being recovered from the Shaikh of Bahrein, a fact of which Lord Winterton does not seem to have been aware.

(c) One-half of the cost of consular and diplomatic guards and escorts, and of garrison troops in the Persian Gulf has been borne by Indian revenues for a long time in pursuance of an old established arrangement.

There are now, however, no longer any garrison troops from India in the Persian Gulf. I would invite the Honourable Member's attention to the answers given on the 24th March, 1923, to starred question No. 626, and on the 11th June, 1924, to starred question No. 1497.

#### LEAVE RULES FOR EUROPEANS, ANGLO-INDIANS AND INDIANS IN THE SUBORDINATE SERVICE OF THE EAST INDIAN RAILWAY.

830. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if it is a fact that there are different sets of leave rules for Europeans, Anglo-Indians and Indians in the subordinate service of the East Indian Railway?

(b) If so, do Government propose to remove this distinction at an early date?

**The Honourable Sir Charles Innes:** (a) The Honourable Member is referred to the reply to parts (a) and (b) of question No. 141 asked by Lt.-Col. H. A. J. Gidney on the 1st September, 1926. I should, however, add that the leave of all staff appointed after the railway was taken over by Government is regulated under the leave rules applicable to State Railway employees.

(b) The question of revising the leave rules applicable to all State Railway servants is under consideration. Those employees who were transferred from the late East Indian Railway Company and who fulfil certain conditions will be given the option of coming under these rules.

#### AMALGAMATION OF THE ORIYA-SPEAKING TRACTS.

831. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if they have received any reply from the Government of Bihar and Orissa, Madras and the Central Provinces on the question of the amalgamation of the Oriya-speaking tracts?

(b) If so, do they propose to lay on the table the replies received?

(c) When do they expect to come to any definite decision on the point?

(d) Do they propose to give an opportunity to this House to discuss the question before actual amalgamation takes place?

**The Honourable Sir Alexander Muddiman:** (a) to (d). The Honourable Member is referred to my reply to Pandit Nilakantha Das' starred questions Nos. 239-242, dated the 1st February, 1927, and the debates dated the 8th February, 1927, on the Resolution regarding the amalgamation of the Oriya-speaking tracts.

**Pandit Nilakantha Das:** Will the Honourable Member kindly give a separate reply to part (d) of the question?

**The Honourable Sir Alexander Muddiman:** I am not prepared to say, Sir, that Government will place time at the disposal of the House for that discussion. But if any Honourable Member brings in a Resolution he will have his opportunity of getting it on the paper.

#### EXPENDITURE ON THE ROYAL INDIAN NAVY.

832. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state the approximate amount which is likely to be spent on the inauguration of an Indian Navy?

(b) Will the entire amount be borne by the Indian Treasury?

**Mr. G. M. Young:** (a) The initial cost of inaugurating the Royal Indian Navy will be the amount required to buy one new sloop and to recondition and arm the existing vessels of the Royal Indian Marine which have been selected for retention in the new service. The approximate amount cannot be stated, as it will depend largely on the cost of the new sloop for which the Government have not yet received an estimate. The recurring cost of the Royal Indian Navy is not expected to differ materially from that of the Royal Indian Marine, but some increase will be necessary as a result of the whole service being placed on a permanent and pensionable basis.

(b) Yes.

#### SUBJECTS DISCUSSED AT THE ANNUAL CONFERENCE OF FINANCIAL REPRESENTATIVES HELD AT DELHI ON THE 15TH NOVEMBER, 1926.

833. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state the subjects discussed at the Annual Finance Conference held in November, 1926?

(b) Have they arrived at any decision on the following subjects:

1. Meston Settlement.
2. Inter-provincial Road Fund.
3. Establishment of Land Mortgage Bank.
4. Separation of Accounts and Audit in the United Provinces.

(c) If the answer to (b) be in the affirmative, would they communicate the result on each of the above subjects to the House?

**The Honourable Sir Basil Blackett:** (a) A list of the subjects discussed at the annual Conference of Financial Representatives is placed on the table of the House.



(b) The decisions arrived at are provisional and they are now being considered by the Government of India. The Government regret that they cannot give publicity to them at this stage.

Statement showing the cases brought up before the Conference of Financial Representatives held at Delhi on the 15th November 1926.

No.	Subject.
1	Recommendations of the Indian Taxation Enquiry Committee in relation to the Meston Settlement.
2	Encroachments by provincial Governments and local authorities on the fiscal sphere of the Central Government.
3	Provincial and Local taxation of property belonging to the Government of India.
4	Constitution of an inter-provincial road fund.
5	Working of the Provincial Loans Fund.
6	Earlier supply by Local Governments of figures of Provincial estimates.
7	Reference to disciplinary action in Audit Reports.
8	Relation between special pay and compensatory allowance.
9	Recoveries shown in the budget as deductions from expenditure.
10	Establishment of land mortgage banks.
11	Incidence of the cost of "order" police maintained by Local Governments on railways managed by the State or by Companies.
12	Scheme for the separation of Accounts and Audit.
13	Budget debates.
14	Functions of Finance Department as regards remission of revenue.
15	Rules regulating transfer of land between Central and Provincial Governments.
16	Incidence of the cost of Histories of Services.
17	Rules regulating travelling allowance to enable British Members of services and their families to have access to British Medical advice.
18	Whether interest should be charged by Government on portion of capital of commercial concerns supplied from loan fund or on total capital.
	Amendment of Rule 5, Schedule IV, Devolution Rules.

**Mr. B. Das:** May I inquire, Sir, if the Finance Member of the Government of Bihar and Orissa, who was present at that conference, brought to the notice of the Honourable the Finance Member the injustice done to the province of Bihar and Orissa in the allocation of provincial finances to that Government?

**The Honourable Sir Basil Blackett:** I do not remember in particular whether the Finance Member of Bihar and Orissa brought that subject to the attention of Government, but I cannot remember any Finance Member who did not.

#### RAILWAY TRAINING SCHOOL AT CHANDAUSI.

884. **\*Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state:

- when the Transportation School, Chandausi, first came into existence?
- what are the subjects taught there?
- how many selected candidates have come out successful at the last examination?

(d) what was their pay before entering the School and how, and on what pay, they are now provided?

**The Honourable Sir Charles Innes:** (a) March, 1925.

(b) General Rules for Traffic Working, Train Passing, Vacuum Brake, Principles of the Locomotive, Station Accounts, Booking Clerks' duties, Telegraph Office Management, Statistics and Railway Organization, Wagon Construction, Theory of Telegraph instruments and Signalling practice.

(c) Government have no information as to the results of the last examination. During the year 1925-26, 31 officers and 471 subordinates passed their examination in the several courses.

(d) Government have no information. I may inform the Honourable Member that the passing of the examination is a qualification for promotion to or confirmation in the posts of various grades, but promotion is not guaranteed as soon as the examinations are passed. Promotions are made as vacancies occur taking all the various qualifications of individuals into account.

#### COURSES OF INSTRUCTION GIVEN ANNUALLY AT SCOTLAND YARD TO OFFICERS OF THE INDIAN POLICE.

835. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it a fact that the Government of India make arrangements for attendance at the courses of instruction on the methods of investigation given annually at Scotland Yard, by the officers of the Indian Police who have got their homes in Great Britain and are on leave there?

(b) Do Government propose to give some facility for attending such courses to Indian officers of the Indian Police who have not got their homes in Britain and cannot consequently be on leave there?

(c) If the answer to (b) be in the negative, will Government please state the reasons?

(d) Does this qualification of having attended such courses in any way affect the promotion of the Police officers?

**The Honourable Sir Alexander Muddiman:** (a) The Government of India arrange for the attendance at these courses of those senior officers of the Indian Police Service, i.e., officers of the rank of Superintendent and upwards, who desire to attend them while on leave in England and are recommended by their Local Governments.

(b) and (c). Indian officers of the service are afforded the same facilities for attending the courses as European officers, and one† has in fact taken advantage of them. There is no proposal before Government for providing additional facilities to Indian officers as no occasion has hitherto arisen for doing so.

(d) The fact of having attended the course gives no special claim to promotion, which depends solely on an officer's efficiency.

#### UNUSED RETURN TICKETS OF HAJ PILGRIMS.

836. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state the number of the pilgrims to Mecca who did not use their return tickets on their way back?

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†Mr. Sukumar Sen Gupta, Bengal.

(b) What have been the amounts of the fares on such unused return tickets?

(c) Do Government propose to make rules by which the unclaimed passage money or deposits may be applied for the benefit of the pilgrims? If so, when? If not, why not?

**Mr. J. W. Bhore:** (a) and (b). It is presumed that the Honourable Member's inquiry relates to the pilgrim season of 1926. The information is not available but has been called for from the Governments of Bombay and Bengal. It will be supplied to the Honourable Member when received.

(c) Rules to this effect have already been made by the Government of India and were published with Education, Health and Lands Department Notification, No. 1734, dated the 15th December, 1926.

**Mr. K. Ahmed:** Is it not a fact, Sir, that the Honourable Member gave the same answer last Session at Simla without giving us the number of pilgrims who either died or did not use their tickets?

**Mr. J. W. Bhore:** I have not the faintest recollection, Sir, but I shall look into it.

**Mr. K. Ahmed:** Do Government propose for the benefit of the public not to break their promises?

#### EXTENSION OF THE REFORMS TO THE NORTH-WEST FRONTIER PROVINCE.

837. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Have Government received any reply from the Secretary of State for India on the question of the extension of Reforms to the North-West Frontier Province?

(b) If so, do they propose to communicate it to the House?

**The Honourable Sir Alexander Muddiman:** I have nothing to add to the statement I have already made on the subject on the 16th February, 1927.

#### RELATIONSHIP EXISTING BETWEEN INDIA AND THE VARIOUS PARTS OF THE EMPIRE.

838. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state the views recorded by the Imperial Conference, Rugby, as to the relationship existing between India and the various parts of the Empire?

(b) Have they proposed any change in the existing relation?

**The Honourable Sir Alexander Muddiman:** (a) and (b). The Honourable Member is referred to the Report of the Inter-Imperial Relations Committee, a copy of which is in the Library of the House.

**Mr. M. S. Sesha Ayyangar:** Sir, with reference to my question No. 889 I find that there is a mistake in printing. The word "servants" has been omitted after the word "Government" in the second line.

**The Honourable Sir Alexander Muddiman:** Unfortunately, Sir, I am answering the question as printed.

#### CONTRIBUTIONS BY GOVERNMENT TO THE KHADDAR FUND.

839. **\*Mr. M. S. Sesha Ayyangar:** Will the Government be pleased to state whether Governments are precluded from contributing to the *khaddar* (*khadi*) fund, and if so, why?

**The Honourable Sir Alexander Muddiman:** The powers of expenditure of Governments in India are defined in the Devolution Rules and certain restrictions are also contained in the canons of financial propriety which are to be found in the Statutory rules regarding the Auditor-General in India. It is for the Finance Departments of Governments in the first place, and subsequently for the Audit Department to decide whether expenditure on a particular object is proper.

**Mr. M. S. Sesha Ayyangar:** Will the Government be pleased to state whether in their opinion the *khaddar* movement is political or economic?

**Mr. President:** It is a matter of opinion.

#### OPENING OF POST OFFICES AT LAWALUNG, BHARKATTA AND OTHER IMPORTANT PLACES IN THE HAZARIBAGH DISTRICT.

**840. \*Mr. Ram Narayan Singh:** (a) Is it a fact that in establishing post offices in muffasil areas, the Government consider only the administrative and commercial advantages accruing therefrom and no attention whatsoever is ever paid to the people's conveniences?

(b) Are Government aware that in almost all the five districts of the Chota Nagpur Division, the number of post offices is not enough and that from some of the post offices, the postmen have to travel about 30 miles to deliver letters and other things in one particular direction?

(c) Do Government propose to draw the attention of the local officers there to see to these grievances of the people and to take steps to open post offices at Lawalung, Bharkatta and other important places in the Hazaribagh District and also throughout the division in the near future?

**Sir Ganen Roy:** (a) No. The Honourable Member's attention is invited to the replies given to parts (f) and (g) of Nawab Sir Sahibzada Abdul Qaiyum's question No. 607 on the 25th February, 1927, and to parts (h) and (i) of Mr. D. V. Belvi's question No. 627 on the 1st March, 1927.

(b) With respect to the number of post offices, Government has no information that the case is as stated. Some village postmen have beats extending about 30 miles, as the total number of postal articles received for delivery in their beats is very small.

(c) The question of extending postal facilities in this area has already engaged the attention of the local officers. Government understand that several post offices have been opened therein during the last two years and that endeavours are being made to open as many more as possible, including one at Lawalung, but that the amount of postal business offering is small. A post office has recently been opened at Bharkatta.

**Mr. K. Ahmed:** Are the Government of India aware that the number of postmen in the provinces, particularly in Bengal, under the control of the Postmaster-General, Bengal and Assam, and under the Department of my Honourable friend, is much less and that owing to the small number of postmen being appointed to the cadre of sub-post masters in several areas, letters and pamphlets from Honourable Members during the last election did not reach their destination, and the electors were very much disappointed?

**Sir Ganen Roy:** I have no information on the subject, Sir.

**Mr. K. Ahmed:** Is it not a fact, Sir, that the Honourable Member's Department received instructions from the Central Office, Calcutta, as to whether they should appoint more men because the demand was so great?

**Nawab Sir Sahibzada Abdul Qaiyum:** With reference to the reply to my question put the other day to which reference has been made by Sir Ganen Roy just now, I do not think the reply of the Honourable Member to my question was complete.

**Mr. President:** The Honourable Member may put a supplementary question if he wishes. He is not entitled to argue.

**Mr. K. Ahmed:** Do Government, Sir, for the benefit of the public, just like the Governments in other countries with regard to their post offices, propose to take steps to expedite the matter of starting more post offices in the rural areas and appoint more postmen?

**Sir Ganen Roy:** We are extending the number of post offices all over India and increasing the staff.

**Nawab Sir Sahibzada Abdul Qaiyum:** Can you do away with the guarantee, and, if so, under what circumstances? That is the question which I should like to ask the Honourable gentleman.

**Sir Ganen Roy:** I should like to have notice of that question.

**Mr. K. Ahmed:** In view of the fact that the Department of my Honourable friend particularly should set an example, and in view of the fact that he is not familiar with the inconveniences which have been felt in this Department by his postmasters in the rural areas, do Government propose either to put a stop to the Department altogether (Laughter), or to take speedy steps to meet the grievances of the people?

## THE GENERAL BUDGET—LIST OF DEMANDS.

### SECOND STAGE.

#### *Expenditure from Revenue.*

#### DEMAND NO. 28—EXECUTIVE COUNCIL.

**Mr. President:** The House will now proceed to consider the Demands for Grants, and in doing so, will take up the head, Executive Council, first in accordance with the arrangement that has been arrived at between the Government and the non-official Members.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I move:

"That a sum not exceeding Rs. 60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Executive Council'."

**Mr. M. R. Jayakar** (Bombay City: Non-Muhammadan Urban): I move, Sir:

"That the Demand for Rs. 60,000 under the head 'Executive Council' be totally omitted."

I have proposed this cut, Sir . . . . .

**The Honourable Sir Basil Blackett:** I should like, Sir, before that motion is moved, to ask your ruling as to whether that motion, being an absolute negative, is in order. I would submit, Sir, for the convenience of the House that it would be preferable that a motion which is an absolute negative, or a practical negative such as a motion to leave only one rupee in a total of Rs. 60,000, should both be regarded as equivalent to a negative, and that a discussion need not be raised on them in view of the fact that it can be raised on the motion as it stands by rejection of the motion as a whole.

**Mr. M. R. Jayakar:** I submit, Sir, that the form of the motion is perfectly in order. We are governed in this connection by the actual words of the Government of India Act, the Standing Orders and the Legislative Rules, and I would ask your attention, Sir, in this connection to the several provisions which deal with this point. First of all, section 67-A of the Government of India Act, at page 71 of the Manual, deals with this question, and you will find, Sir, in section 67-A all the provisions dealing with the Indian Budget. Clause (6) of that section provides as follows:

"The Legislative Assembly may assent or refuse its assent to any demand or may reduce the amount referred to in any demand by a reduction of the whole grant."

My submission, Sir, is first, that the form in which I have given this motion falls within the words "refuse its assent to any demand". I am practically asking the House to refuse its assent to the total Demand.

**Mr. President:** That can be done by opposing the grant. These words do not create a right to give a negative motion.

**Mr. M. R. Jayakar:** If that is your view, Sir, then I submit that the motion falls within the words "may reduce the amount referred to, in any demand by a reduction of the whole grant"; and I submit, Sir, that the Legislature is given the power of reducing the whole amount, and it is a form of reduction. No doubt in many cases the reduction takes the form of partial cuts, but the rule provides also for an entire cut by reason of the words "by a reduction of the whole grant". I submit, Sir, that the words are perfectly clear in this connection. This is made further clear, Sir, if you turn to page 119 of the Standing Orders where Standing Order 72 is worded as follows (it is in Chapter XI which deals with the Budget). Standing Order 72 reads as follows:

"If notice of a motion to omit or reduce any grant has not been given", etc.

You there find, Sir, two kinds of motions referred to, a motion to omit a grant or reduce a grant. Therefore, it is perfectly clear that the Standing Orders take notice of a motion to omit a grant, and they provide by implication that such motions are within the contemplation of the Legislature.

**Mr. President:** Is the Honourable Member aware of the past history of this question. I do not know if he knows that the rule which permitted motions for total omission of grants has been deliberately amended last year in accordance with the recommendation of the Muddiman Committee.

**Mr. M. R. Jayakar:** Well, I am aware of the debate which took place some days ago during the present Session, but I am not aware of anything which took place in the last Assembly of which I did not happen to be a Member, but I think that the Government of India Act, section 67-A, to which I have called your attention and which is really the governing section in this connection, is perfectly clear . . . . .

**Mr. President:** I agree with the Honourable Member that if the interpretation he puts on section 67-A is correct, his motion is in order. The result of such an interpretation would be that the Chair would have to rule out all amendments for smaller cuts.

**Mr. M. R. Jayakar:** I submit, with great respect that the insertion of the word "may" provides against the ruling out of small cuts. The word "may" gives the option to this Assembly either to make partial or entire reductions according as it thinks desirable. That is the force of the word "may". I submit that the word "may" means that in these cases where they think it desirable the Legislature may reduce the amount of any Demand by a reduction of the whole grant.

**Mr. President:** If the Honourable Member will turn to section 72-D, he will find there that specific provision is made to permit motions for smaller cuts in the Provincial Councils.

**The Honourable Sir Alexander Muddiman** (Home Member): Sub-section (2) of section 72-D, at the end of the paragraph. If my Honourable friend has got the red book, he will find it on page 102.

**Mr. M. R. Jayakar:** The words are these: "may reduce the amount therein referred to either by a reduction of the whole grant or by the omission or reduction of any of the items of expenditure of which the grant is composed." My submission, Sir, is that no doubt both the alternatives included in the word "may" are specifically stated in this section, but that the same is the meaning which the word "may" conveys in the section of the Government of India Act. After all, we have got to interpret the word "may". Several alternatives are expressly stated in section 72-D, to which you have called my attention, Sir. But I submit that the same interpretation arises in connection with the Government of India Act, section 67-A.

**Mr. President:** The word "may" occurs in both the sections. I am afraid, if the interpretation which the Honourable Member now wants the Chair to put on section 67-A is upheld, no motion for a smaller cut would be permissible and the Assembly would be restricted to a motion for the omission of the whole grant.

**Mr. M. R. Jayakar:** I submit not, Sir, and for this reason that the Legislative Assembly may refuse the amount referred to in any Demand by a reduction of the whole grant. That means that the reduction of the whole grant is one of the ways provided for. The words of the section are very clear.

**Mr. President:** Any other way is not provided for in section 67-A as in section 72-D.

**Mr. M. R. Jayakar:** Other ways are no doubt specifically provided so far as provincial Councils are concerned, but that does not affect my argument that the reduction of the whole grant is expressly provided for by the very words of the section in the Government of India Act.

**Mr. President:** That is not the only thing material. The position is this. If I were to uphold the Honourable Member's contention, it would lead to an absurdity, namely, that the Chair would have to disallow all motions for smaller cuts. This is a very important point and I should like to give my considered ruling for future guidance. The point was raised by the Home Member the other day in connection with a similar

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motion on the Demand for the Railway Board. I have given further consideration to the matter since and I have also ascertained the practice of the House of Commons on the question. It seems to me that the words in section 67-A of the Government of India Act "may reduce the amount referred to in any demand by a reduction of the whole grant", though somewhat misleading, cannot bear the interpretation that the Statute specifically permits motions for the omission of the whole grant. If that were so, it would lead to the absurdity that no motions for smaller reductions could be entertained. I think the words "reduction of the whole grant" is apparently intended to convey the distinction between reductions proposed in items included within the grant and reductions proposed in the total of the whole grant. This is made clear by section 72-D, subsection (2) of the Act, which provides that the Provincial Council may reduce the amount therein referred to either by a reduction of the whole grant or by the omission or reduction of any of the items of expenditure of which the grant is composed. I find that similar language is employed in the procedure of the House of Commons. I confess, however, I do not understand why the same words were not used in section 67-A. But, however this may be, the central principle seems to me that motions for the omission of the entire grant are not contemplated by the Act or by the rules as they now are. My ruling, therefore, is that no motion for the omission of a whole grant, either in the Railway or General Budget, is admissible.

There is one other point raised by the Finance Member, namely, that a motion which leaves a rupee or less in a total Demand of several thousands should also be disallowed on the ground that it is a practical negative if not an absolute negative. The other day the Chair allowed a motion to bring down the Railway Board grant to Rs. 100, but no objection was raised by the Finance Member then or by any other Member of the Government on that occasion. I think that all motions for the reduction of a grant, no matter what the amount is, are technically in order unless they take the form for the entire omission of the whole grant. I find no justification for making any distinction between a motion for a cut of Rs. 100 or a motion for a cut of any lesser amounts. I therefore rule that all motions for a cut of one rupee or less which are down on the paper are in order. The difficulty, however, is which of them the Chair should select for the purposes of this debate on the constitutional issue. There are several motions put down on the paper in this connection. Of course, the first three motions, one by Mr. Jayakar, another by Sir Hari Singh Gour and the third by Lala Lajpat Rai, are all for total omission and therefore out of order.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): I may be heard on my motion.

**Mr. President:** That motion is for the total omission of the whole grant.

**Sir Hari Singh Gour:** I submit, not, Sir. I have particularly stated in my amendment that the Demand under the head "Executive Council" so far as it is votable be omitted.

**Mr. President:** The Honourable Member cannot bring forward any motion for any item which is non-votable. The Honourable the Finance



Member has made a demand of Rs. 60,000 which is votable and the Honourable Member from Nagpur has a motion to omit that Demand. Whatever the words used, the motion in substance is one for the total omission of the whole grant. The ingenuity of the Honourable Member in selecting the form of a motion cannot change its substance.

There are four other motions on the paper intended to raise a general debate on the constitutional issue. They are to cut down the grant to one rupee, pies 6, pies 3 and pie one, and stand in the names of Mr. Jayakar, Mr. Kelkar, Mr. Srinivasa Iyengar and Mr. Acharya, respectively. The Chair feels that with a little more cohesion and a certain amount of co-ordination on the part of the two parties who desire to raise this debate, it would have been possible to select who amongst them was to lead the debate and to put down one agreed motion in his name. As it is, the Chair is left to its resources without any help from the Honourable Members to select one out of these four motions for the purpose of to-day's debate. Ordinarily, a motion involving the largest cut is taken up first. But in this case, the Chair is inclined to think that Mr. Jayakar is entitled to raise the debate as he was the first to give notice of his motion with the deliberate object of raising the constitutional issue. It is not clear and it is difficult for the Chair to understand why other Honourable Members subsequently gave notices of motions when Mr. Jayakar was already in the field for the same purpose. I therefore call upon Mr. Jayakar.

**The Honourable Sir Basil Blackett:** May I raise another question in regard to what I may call these derisory cuts. You have quite rightly referred to the fact that such a cut has been made on the Railway Grant and has been admitted. I would respectfully submit that motions for complete rejection have been admitted previously, and we are now improving on that practice by the ruling which you have given that such motions are to be treated as mere negatives. I would suggest that we should improve on our practice by the further step that derisory cuts, which leave almost nothing, are also practically negative and therefore the same point can be raised by a rejection of the original motion. Also, in the interests of the House, I would submit that the first cut should not be of such size as to rule out other Members from moving other cuts which have reference to some smaller point than the big constitutional point, and I would submit for your consideration that it is in the interests of the House that a convention should be established that no cuts should be of such size as to debar all other motions.

**Mr. President:** I have considerable sympathy with the view expressed by the Honourable the Finance Member, and would suggest to Honourable Members on this side of the House to consider whether they should not restrict their motions to a cut which leaves at least Rs. 100 on which other motions could be discussed. However, it is a question for the future and the establishment of a convention of the kind suggested depends upon the co-operation of all parties in the House.

*Attitude of the Government in regard to the constitutional issue.*

**Mr. M. B. Jayakar:** Sir, I feel very thankful that you have given the opportunity to me to raise what may be regarded, in the parlance of this House, as a constitutional question. But in doing so, I shall simply regard myself as the spokesman for the moment not of a narrow party but of the non-official Benches on this side, to represent, what the feeling in the country has been with reference to the conduct of Government

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over the constitutional issue. The question I propose to raise is with reference to the conduct of Government for the last three years in connection with the demand which was made on the floor of this House in a Resolution tabled by way of an amendment by the esteemed Leader of the Swaraj party, Pandit Moti Lal Nehru, in February 1924, and which was passed on the 18th February of that year, that, Sir, was a specific demand for the consideration of the constitutional issue, inasmuch as it asked the Government to summon a round table conference, to devise a scheme of constitution for India, with due regard to the rights of minorities, and after dissolving the Legislature of that year, to place the scheme before a newly elected Legislature and to submit the same to the British Parliament to be embodied in a Statute. That was the position which the non-official Benches occupied during that year. I may say, Sir, from my knowledge of the feeling in the country in that year, that the Swarajist Leader was then representing, in a modest form, the feeling of the country with reference to this important question. We had great opportunities during that year to ascertain the feeling of the country and I can say, with all the emphasis at my command, that the demand made on the floor of this House by the esteemed Leader of the Swaraj Party did not exaggerate, even by an iota, the feeling of the country in 1924. But in politics, Sir, we learn better experience and grow wiser, sooner than elsewhere, and so the Nationalist Party in the country, after the experience of one year, deliberately, and with a view to arrive at some common understanding with the other patriotic elements in this House, modulated their demand still further in 1925. This modification, Sir, was the outcome of the experience which the Nationalists in the country had gathered during the year 1924. Not that in 1925 their patriotism was less keen or their feeling was less intense, but in order to arrive at an understanding with the other elements in the House whose co-operation they desired they lowered their demand. So we find that on the 7th September 1925 Pandit Moti Lal Nehru's amendment took a milder form. He made his proposal in two parts; the first part recognised in a manner the right of the British Parliament to make a declaration, which right his first demand of 1924 had ignored. He was agreeable in 1925, that Parliament should make a declaration embodying certain changes—constitutional changes—in the existing scheme of Government.

**The Honourable Sir Alexander Muddiman:** His Majesty's Government should make a declaration in Parliament?

**Mr. M. R. Jayakar:** Yes, His Majesty's Government were to make a declaration in Parliament embodying certain changes, which experience had taught us were necessary in the present form of government. Those changes were specifically stated. Briefly put, they were these that the principle of representation should be introduced in the Central Government, except in the departments of military and foreign and political affairs, and that dyarchy should be abolished in the provinces. That was the form of Pandit Motilal's amendment in 1925. I submit, Sir, from my knowledge of the circumstances of the country then that his modified demand represented the lowest that the country demanded in the way of amending the present constitution. His amendment, Sir, went further and suggested, as one expedient, the holding of a round table conference, to which method alone he had confined his amendment in the year 1924. A round table conference "or other suitable agency" was asked for during the year 1925. In that form it had the effect of

bringing together all the Indian elements in the House and giving them a chance of discussing this question. This "agency" was to speedily set up a scheme of constitution, to be placed before the Legislative Assembly without fresh elections and later on to submit it to Parliament to be embodied in a Statute. Again I submit, Sir, that this was a very reasonable and modest demand made by the people on the floor of this Assembly. The Government met it, so far as one can gather from the proceedings, with a departmental inquiry. They gave us stones for bread if I may say so. We wanted a round table conference to be called or similar machinery to be instituted. Instead of that we were asked to be content with a departmental inquiry presided over by the Honourable the Home Member . . . . .

**The Honourable Sir Alexander Muddiman:** I do not know if the Honourable Member is referring to the debate in this House on the 8th September 1925?

**Mr. M. R. Jayakar:** I am referring to September 1925.

**The Honourable Sir Alexander Muddiman:** That was a debate on the result of the departmental inquiry.

**Mr. M. R. Jayakar:** I am thankful for the correction. I say, Sir, we were asked to be content with a departmental inquiry. Then that departmental inquiry went on and we were told that it would give us practically everything we wanted. Our representatives in this House pointed out that the terms of reference of that inquiry were inadequate. Time after time it was pointed out to Government that the terms of reference were not so wide or inclusive as to give us what we wanted. However, our protests went on unheeded, the departmental inquiry took place and brought out its report. What did that report say? It is now a matter of history. I was in the Bombay Council at that time. It gave us certain transferred departments in the provinces. We were looking forward to something substantial in Bombay, for instance, that Land Revenue would be transferred or parts of Law, Justice and Police would be transferred. We thought that some department would be transferred where the people could learn a little more responsibility, a little more self-reliance and self-control. What did we get? Boilers and Gas. These were the two things transferred. Just as if there was not enough "gas" on the non-official Benches, more gas was transferred, and just as if there was not enough "boiling" in the country more boilers were transferred to us. The result is that in the provinces, a ridiculous form of government called "dyarchy" was kept intact. I come from a province, Sir, where this form of government, against which our protest has been levelled time after time, and which is based on what Mr. Das described in his Faridpur speech as a distrust of the Ministers, still continues. Time after time we have raised protests against this form of government, but it still goes on as merrily as ever. I remember a lady friend of mine who often sat in the visitor's gallery of the Bombay Council, listening to our speeches, and viewing with considerable compassion and sympathy our struggle to get rid of this form of government. She is a very intelligent graduate of the Bombay University, and after watching our struggle for about two weeks, she said to me: "Jayakar, I can fully understand your dyarchy, and can describe it well in feminine language, in the following terms." I shall reproduce her description for the information of the Honourable the Home Member. She said, "It is as if a husband and wife began to keep house together. The wife said to the husband: 'My dear, the three hundred rupees a month which you get we shall divide

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between us into two distinct parts, the proportions of two and one. You will keep the one and I will keep the two. I will employ all the servants, I will look after their trapping, their pomp and pageantry, their gold-laced clothes and red coats. I will spend out of this amount for my boudoir, for my *kesharanjan* oil, my garments. You must within your Rs. 100 manage all the 12 children we have contributed to bring into this world. You must manage their education, their building up, their health, their hygiene, everything relating to their well being. The servants I shall always employ. They will not be amenable to your behests. Woe to you if you touch a hair of their head. If you even say a harsh word to them, they will complain to me, as a court of appeal over your orders. You have no power to reduce their salaries." And, Sir, the last and the most irksome stipulation was, that the husband was always to wear a cheerful and contented look, whenever the couple appeared in society. Their responsibility was joint and undivided. He was never to complain to the outside world of his fate. My lady friend said to me, Sir, "this is your dyarchy." I recommend her description for the consideration of Government. Our grievance to-day is this, that the Government have been time after time raising hopes and making promises about improving the constitution which they have been breaking with the utmost unconcern. The last of such breaches was enacted in the course of this year in two most flagrant ways. The Government have gone on toying with public feeling in a callous way. While the majority of the Muddiman Committee transferred Boilers and Gas, the minority opined that dyarchy was absolutely unworkable, that it had yielded bad results, and was not capable of useful amendments. The Government have had this report before them for a long time. What action have they taken? None at all so far. They have kept on feeding the country on false hopes and false promises. They have gone on saying, "Oh, we want more co-operation." More co-operation, indeed! Their appetite grew on what it fed on. The more co-operation the people gave the more co-operation was wanted. Time after time the Secretary of State said, in unaemic tones "more co-operation". Mr. Das in reply made a powerful speech in May 1925. He spoke from a pedestal unique in its character. He held a unique position in the country at that moment, as the trusted, esteemed, and devoted leader of the Swaraj Party, the one man in the country who could deliver the goods, the one man in the country who had the vision, in the midst of universal gloom, to dream of better days, the one man in the country whose culture, knowledge, sacrifice and acquaintance with the country's affairs made him singularly fitted to offer terms to Government. But Government did not seem disposed to treat him seriously or give him the confidence or response which was his due. I can quite picture what humiliation that great man must have felt in finding that the offer he had made to Government in response to the words of the Secretary of State was flung back on his face. I knew him well, and I know what visions he saw for this country. I am able to look at his offer from the background of my personal knowledge of his great dignity and pride. I know well what wisdom, most modestly displayed, was contained in the offer which he made to Government not without great humiliation. Sir, in his Faridpur speech he held out an invitation to Government. He said:

"The basis of the present Act is distrust of the Ministers and there can be no talk of co-operation in an atmosphere of distrust. At the same time I must make clear my position I hope at the Bengal Provincial Conference"

12 Noon.

—now look at the way he put his terms, Sir—

“that provided some real responsibility is transferred”

—what could be more modest than that—

“provided some real responsibility is transferred to the people there is no reason why we should not co-operate with the Government.”

If the Government had any imagination, a quality of which they seem to divest themselves in India, they would have seen that in making this offer the Leader of the national movement, who gave up a coveted practice at the Bar and at one time went about the country telling the people to take their hands off the Government machine, was staking everything that he held dear in his public life. I say again with all the emphasis at my command that if the Government had any imagination left in them they would have assessed at its adequate worth this offer made by Mr. Das. Flushed as the Government are with their present power I ask my Honourable friend the Home Member, could the national demand have been stated in a more reasonable or modest manner than Mr. Das did. Mr. Das went on to state:

“But to make this co-operation real and effective two things are necessary. First, there should be a real change of heart. Secondly, that in the fullest sense Swaraj must be guaranteed to us to come automatically in the near future.”

How did the Government treat this offer of Mr. Das? With contempt, with absolute indifference. No steps were taken in response to Mr. Das's efforts, nor have any been taken since then. The Swaraj Party have given since further indications of their desire for honourable co-operation. I say, Sir, that so far as it is possible for reasonable, courageous, patriotic and self-respecting men to offer indications of honourable co-operation, even the Swaraj Party have done it. They put one of their best men in the Chair, which you occupy. Sir, some of them, like my esteemed friend to my left and my two other esteemed friends behind me, at the cost of great popularity, and on pain even of their being divorced from their life-long friends and esteemed associates, professed openly the view that they were prepared to co-operate with Government on even terms. The Honourable the Home Member cannot be unaware of the great furore created in the country in November 1925 when a few bold spirits amongst us at the risk of being regarded as placehunters, even as sycophants—and I can recall vividly the bitter calumnies and abuse which were heaped over the heads of my friends and of myself—took all risks, because they felt that the country needed that a courageous lead should be given to the view that, bad as the situation was, we should make the best of it, rather than allow the Government to use it as a means for strengthening their position. We therefore went the length to separate ourselves, because of our sentiments, from our esteemed colleague sitting on our right to-day, and we started a campaign in the country, plainly stating in so many words that if sufficient responsibility, initiative and influence were given to Ministers in the Provinces we were prepared to accept office. We have had to face ridicule and contumely in consequence. We are here to-day, Sir, not as armchair patriots nursed in the luxury of their beliefs. We are here as men who have gone through the fire of a bitterly adverse agitation and comment. We have faced them, and do still face them, because we feel that the good of the country lies that way. Our friends to our right differ from us on this principle. But whatever our difference on this question, we all stand to-day in the country with this one feeling actuating

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all of us, that the Government, Sir, in the intoxication of their present strength are ignoring all the signs of the times. I ask the Honourable the Home Member what further signs of co-operation does he expect from a sullen and patriotic people, smarting under their wrongs. But we have, Sir, moved further than a few months ago. One has only to look at the way the Indian National Congress framed its resolution at Gauhati last year. In a matter of this kind it is very easy to pick holes. I am sure the Honourable the Home Member will trot out a speech here or a sentence and clause there, and say "this is not co-operating with Government". He does not expect honourable and self-respecting men to behave differently. They have their commitments, they have their people behind them. But I repeat, Sir, that so far as it is possible for honourable and patriotic men to give indications of a desire to come to terms they have shown that they are prepared to meet Government half way. I say that even the Indian National Congress has given such indications. I will ask the Honourable the Home Member to peruse the resolution of the Indian National Congress. I will ask him as an Englishman aware of the past history of his own country and of the ways of a proud people to read the whole of that resolution from end to end and then to tell me whether there are not indications even in that resolution, passed with all the difficulties that my revered friend Pandit Motilal Nehru had to contend against at that Congress, that he has stepped one inch forward to evince his desire to arrive at an honourable solution of this vexed question.

And now, Sir, coming to the last stage, of my narrative, I ask Government to look at the behaviour of the Congress Party here. We have had an opportunity to watch it for six weeks. Without in any way exaggerating events may I say that they have behaved in a responsible manner—with as much responsibility as was possible in the face of a great provocation to behave otherwise. Government on the other hand have not yet given up their old ways. Take only one instance, Sir, which was very provoking. The Finance Member would allow me to refer to it. It happened yesterday. Grave charges were made against him in the course of yesterday's debate. Of course I did not take part in it because I was frightened by Mr. Jinnah's attack on experts and was afraid that if I spoke I would be taken for an expert. But what was the charge made against the Government which has not been replied to? That charge was as serious as it could be, namely, that the Government were showing false surpluses, deliberately creating false balances, heavily heaping up military and other expenditure under the guise and concealment of an inflated ratio. That charge, I submit, Sir, in all confidence, the Honourable the Finance Member should have openly met in this House in his reply. All civilized Governments have a grave duty, graver than anything else, namely, to sustain their reputation. I should have thought that a charge like that of positive dishonesty would have been met yesterday in open House.

**The Honourable Sir Basil Blackett:** I should like to point out to the Honourable Member, if I may be allowed to intervene, that that charge was specifically made in the course of the debates on the Budget both in this House and in another place and that I made a reasoned reply to it in the other place which was in the hands of all Honourable Members before the charge was repeated in this House.

**Mr. M. R. Jayakar:** I submit, Sir, that that was insufficient. If this side of the House makes charges with all deliberation and all the responsibility which it can command the Government must meet these charges for their own sake. I know how difficult it is for us to feel a sense of responsibility, under the present conditions of our existence in this House. I will go so far as to forgive any kind of irresponsible speech on these Benches, because the constitution as it exists does not evoke any sense of responsibility on these Benches. But irrespective of that feeling, when certain grave charges were made from these Benches any Government which put its reputation before its votes, any Government which valued its reputation in the country, which after all must be the ultimate basis of its rule here, would have met those charges in a satisfactory manner. face to face with us in open House. There were many of us waiting to know exactly what the Honourable the Finance Member had to say against the charges made by several Members. They quoted figures pointing out that what seemed to be a surplus was really a deficit and what seemed to be a saving or retrenchment was really luxury and extravagance. I am always reminded, Sir, when I hear that word "retrenchment", spoken in this House, of a few lines from Rudyard Kipling I learnt years ago. I shall quote them here for the benefit of my Honourable friends opposite. In anticipation as it were of the present attitude of the Government of India, he wrote years ago:

"Retrenchment, retrenchment oft we swore;  
But did we mean it when we swore?  
And then and then we wandered to the Hills  
And the little less became much more."

I say, Sir, the Finance Member gravely erred in not making a reply. Another grave wrong was done to this side, as was pointed out by my Honourable friend, Mr. Rangaswami Iyengar, in the course of the Budget debate. He showed how in the course of this year, so far from there being any trust and confidence shown towards the popular representatives, the official tide ran the reverse way. The Government of India Act has been amended—those sections which relate to the salaries and pensions of covenanted servants—sections 72D and 67A. Now not only are the salaries and the pensions of such officers are untouchable as they always were—we used to call them in the Bombay Council the untouchable classes—but all allowances, expenses, etc., connected with them are rendered untouchable under the amended Act. It was possible under the old section to denude an officer of his establishment, his expenses and allowances, all that could be done at one time in order to mark the displeasure of the Legislature. We tried that in the Bombay Council very successfully twice or thrice and our President ruled that that could be done under the Government of India Act. Promptly, Sir, the Government of India Act is altered; and now many expenses and allowances relating to such officers, beyond their pensions and salaries including I am sure their children's expenses, ayahs' expenses, and those relating to the window-dressing of these covenanted officers are made non-votable. Is this an advance in the direction of co-operation, trust or confidence? I ask the Honourable the Home Member. The result is that in this year's debate alone nearly Rs. 50 lakhs have been taken out of the purview of all effective control of this House.

I can go on multiplying instances after instances of such increasing distrust of this Legislature. I do not wish to entrench on the courtesy of

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this House by detaining it longer. The gravamen of my charge is this: that Government are not playing the game. They are asking the people in one breath to trust them, to rely on their *bona fides* and good intentions, and while doing so they are taking advantage of the depressing mood of the people, divided as they are, to heap more insults and injuries on the people, and to make their own position stronger and stronger in the same proportion as the people have grown weaker. So far from going in the direction of co-operation trust and confidence, in however small a measure, the tide has progressed the other way; with the result that to-day we find that the Government of India is in the position of a strong man detested by his dependents, and distrusted by all who have dealings with him. I will not, Sir, use stronger expressions—I will repeat that while the people have been lulled by this vapid talk of co-operation, the Government have gone on quietly seeking every opportunity to make their position stronger and stronger as a provision against future contingencies. Even this House the Government are turning into an unreality. We on these Benches, we do not feel that there is any reality in this House. Our yearly criticism falls on deaf years. I am no doubt, Sir, as a Mahratta, accustomed to yearly prayers, to yearly pilgrimages ending in prayers; my ancestors have done it for years, they asked their god for more children; we ask for more power from our mute irreconcilable divinity. It is the same temperament of a worshipful priest, only we change our prayer and our divinity. The difference is that while my ancestors' divinity sometimes smiled once in many years and gave him a child, this divinity is absolutely implacable. Sphinx-like it sits silently looking on. How long is this to go on? I warn the Government, Sir, that the last point has been reached. Further co-operation is impossible under the circumstances. If the Government do not yield even now, we shall have to turn back and think of some other ways than co-operating with this Government. The one method allowed in this House in which our sense of great dissatisfaction and resentment could be brought to the notice of this House and the Government is by moving this cut as a vote of censure on the Government. I know we are powerless to do anything more because we are divided, because we are weak. But may I say in all seriousness to Government, "Beware of the weak man". I warn the Government that they are at present in the last stage of their unpopularity. I am therefore taking this opportunity of moving this cut and I wish the non-official Benches to support the same.

**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): Sir, I shall complete the last sentence of Mr. Jayakar because he left it rather incomplete. He talked of our weakness and warned the Government "Beware of the weak". Sir, that saying from the Mahabharata runs thus:

"Beware of the weak, for the tears of the weak undermine the thrones of Kings."

And now let me deal with the position of the Party to which I have the honour to belong. Sir, we believe that there is no use co-operating with a Government which is unwilling to co-operate with us. Sir, ever since the British people came to this country, long before the non-co-operation movement was launched, the politically-minded classes of this country offered them co-operation; and every time they gave them co-operation, they gave that co-operation as the subordinates of a foreign



government; and even that "subordinate-co-operation" was trampled under foot. Sir, was there a greater co-operator in this country than my leader Pandit Motilal Nehru? When Lokamanya Tilak, when Mr. Kelkar and others had unfurled the banner of extremism in this country, who does not remember, how things came to a head at the Surat Congress, when Sir Surendranath Banerjea proposed, Sir Rash Behari Ghose to the Chair and Pandit Motilal Nehru seconded that motion? Then there was a split in the camp; and as Mr. Jayakar has reminded us, there is also a split in the camp to-day. But at that time Pandit Motilal Nehru was on the other side, much nearer to the Government than we are to-day. The great moderates of the Congress then, Pandit Motilal Nehru, Pandit Malaviya and others, tried to please the Government. They co-operated with the Government; they cajoled the Government; they flattered the Government; they almost went before the Government as the best type of co-operators that the Government could ever wish for. They almost went, as the extremists of Bengal described them, as mendicants; and what did they get? What did the politically-minded people of this country get for this policy of "mendicancy" as the so-called extremists in the country described it? They got the crawling lane of Amritsar; they got the Rowlatt Act; they got the jails and all that kind of thing.

This leads me to the present stage when the policy of non-co-operation was put aside for a while, when the Swarajists came to this House and offered their terms, when my leader said in that famous Resolution which was passed in this Assembly on the Round Table Conference, when he said that he was here to extend the hand of friendship, to offer the hand of co-operation, and that it was for the Government to accept that co-operation, what did Sir Malcolm Hailey say and what did his successor say or do? We did not ask for the moon. We did not even assert in this House the position of the Indian National Congress which wanted nothing less and nothing more than Swaraj—the right of the Indian people to set their house in order, our right even to commit mistakes as Englishmen have in England. We put before this House the least little position that has been taken by the least little moderate in the country. We were prepared for a transitional stage. We did not even ask for Dominion status. Give us provincial autonomy, give us responsibility in the Central Government—that is what we demanded. We did not ask for the whole hog. And how did the Government act?

There was neither a Round Table Conference nor any attempt to give us autonomy in provincial affairs. There was that extraordinary committee described as "the Muddiman Committee" (Laughter). That committee gave this country chaff and plaster, when it asked for good bread. (*An Honourable Member*: "Stones.") Not stones but serpents, prisons for patriots. Leading lieutenants of Deshabandu Das were stung and flung into prison. Resolutions were passed in this House asking for the release of these people put in prison without trial. Is there any country in the world where people are kept in prison for years without trial? Repeatedly we passed Resolutions in this House pressing for the release or open trial of these patriots, but the Government persisted in the attitude which students of history knew to be associated with the Government of the Czars. They deported the patriots of Russia into the marshes of Siberia and the patriots of India and of Bengal are now rotting in the marshes of Mandalay. If the Government were in a conciliatory mood, if they did not want to practise non-co-operation, if they did not want to treat the representatives

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of the Indian people just as an Officer of the Government treated the citizens of Amritsar by asking them to crawl through a narrow lane, if they did not want to deny us the treatment to which the representatives of the people were entitled they would have at least acceded to our one essential demand over which the public of Bengal and India are considerably exercised and released the political prisoners. It is not merely a question of constitutional reforms. It is a question of the liberty of the people of this country, the right to be tried before they are thrown into prison. This Government stands condemned.

I am sorry that even in the face of this appalling tragedy of Bengal and India which is enacted before our eyes the people of this country should be divided into parties. I would rather not condemn this Government but condemn ourselves and instead of appealing to the Government, I would appeal to Members on this side of the House to bury the hatchet and show to the Government that the steel frame could also be met by a steel front.

**Mr. D. V. Belvi** (Bombay Southern Division: Non-Muhammadan Rural): Sir, the motion which has been moved by my Honourable friend Mr. Jayakar is in imitation of a hoary convention of the British House of Commons. It seems to me that my Honourable friend Mr. Jayakar and his associates have some sort of faith in the reality of what is called the constitution of India. I am one of those who have always believed that what is given to us as a constitution is an absolute mockery, an absolute unreality. I have said so in my speech in the year 1924 and I do not think I need waste the time of this House in discussing the present position of the Indian parties so far as the so-called Reforms are concerned. What has been given to us in the name of political reforms is no reform at all. It is a sham thing. Its object is to delude the people of India into a belief that they had got real political rights. This system of diarchy or this system of a half-way house is a system which can only please children. In my capacity as a Member of this House during the last three years, I have observed that all that we have been taught is parliamentary phraseology without a real Parliament in existence in India. We have got all the terms of a Parliament here. We have got here a Speaker of the House who is called the President. We have got parties here, the Home Member and so on. We call the Members sitting on the opposite side Treasury Benches. All this is of great use in teaching us the language which is in vogue in really free and self-governed countries. When we wish to teach a child something, we purchase for the child a toy motor car or a toy railway carriage and then we explain to the child the various parts of the machine, such as the wheels, handle, etc. We are so taught here the various terms of British political phraseology. My contention has all along been that what is given to us is a thing which is extremely unreal. The so-called Reforms have been conceived in a very illiberal spirit and this is not the way in which political reforms have been granted to other parts of the British Empire. Britain has not proceeded to give self-government to other parts of the Empire in the way in which she has given India the so-called Reforms. If you turn to English political history what do you find? How was political liberty granted to Canada? How was it granted to South Africa and how was it given to Ireland? Do we find anywhere else a system of partial reform in a country which is under the banner of British protection? I do not find

that this unreal thing has been given to any other country, nor do I find any other country willing to accept such an unreal thing. I really wonder that my friends who call themselves co-operationists should have been willing to accept a little bit here or a little bit there. It is because we pitch our claims low that the British people are not willing to give us real reforms.

The present system of Government in this country is radically wrong. It is not responsible government at all. It is not a system of representative institutions. It is a thing which stands by itself in the category of political institutions. Now, I was saying that when political liberty was granted to Canada the thing was done in a different manner. In this connection I wish to invite the attention of the House to some passages from a well-known document, a document of very great political importance. I wish to invite through you, Sir, the attention of this House to the celebrated report of Lord Durham in connection with the grant of political liberty to Canada. I am quoting from Volume I of "British Colonial Policy" by Keith. I will read the necessary passages. This is what Lord Durham said:

"It is difficult to conceive what could have been their theory of Government who imagined that in any colony of England a body invested with the name and character of a representative Assembly, could be deprived of any of those powers which, in the opinion of Englishmen, are inherent in a popular legislature. It was a vain delusion to imagine that by mere limitations in the Constitutional Act, or an exclusive system of government, a body, strong in the consciousness of wielding the public opinion of the majority, could regard certain portions of the provincial revenues as sacred from its control, could confine itself to the mere business of making laws, and look on as a passive or indifferent spectator, while those laws were carried into effect or evaded, and the whole business of the country was conducted by men, in whose intentions or capacity it had not the slightest confidence. Yet such was the limitation placed on the authority of the Assembly of Lower Canada; it might refuse or pass laws, vote or withhold supplies, but it could exercise no influence on the nomination of a single servant of the Crown. The Executive Council, the law officers, and whatever heads of departments are known to the administrative system of the Province, were placed in power, without any regard to the wishes of the people or their representatives; nor indeed are there wanting instances in which a mere hostility to the majority of the Assembly elevated the most incompetent persons to posts of honour and trust. However decidedly the Assembly might condemn the policy of the Government, the persons who had advised that policy retained their offices and their power of giving bad advice. If a law was passed after repeated conflicts, it had to be carried into effect by those who had most strenuously opposed it. The wisdom of adopting the true principle of representative government and facilitating the management of public affairs, by entrusting it to the persons who have the confidence of the representative body, has never been recognized in the government of the North American Colonies. All the officers of government were independent of the Assembly; and that body, which had nothing to say to their appointment, was left to get on as it best might, with a set of public functionaries, whose paramount feeling may not unfairly be said to have been one of hostility to itself.

A body of holders of office thus constituted, without reference to the people or their representatives, must in fact, from the very nature of colonial government, acquire the entire direction of the affairs of the Province."

Now it may be said that we have got an independent statesman in India in the person of the Governor General. Lord Durham touches on this point and says:

"A Governor, arriving in a colony in which he almost invariably has had no previous acquaintance with the state of parties, or the character of individuals, is compelled to throw himself almost entirely upon those whom he finds placed in the position of his official advisers. His first acts must necessarily be performed, and his first appointments made, at their suggestion. And as these first acts and appointments give a character to his policy, he is generally brought thereby into immediate

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collision with the other parties in the country, and thrown into more complete dependence upon the official party and its friends. Thus, a Governor of Lower Canada has almost always been brought into collision with the Assembly, which his advisers regard as their enemy. In the course of the contest in which he was thus involved, the provocations which he received from the Assembly, and the light in which their conduct was represented by those who alone had any access to him, naturally imbued him with many of their antipathies; his position compelled him to seek the support of some party against the Assembly; and his feelings and his necessities thus combined to induce him to bestow his patronage and to shape his measures to promote the interests of the party on which he was obliged to lean. Thus every successive year consolidated and enlarged the strength of the ruling party. Fortified by family connexion, and the common interest felt by all who held, and all who desired, subordinate offices, that party was thus erected into a solid and permanent power, controlled by no responsibility, subject to no serious change, exercising over the whole government of the Province an authority utterly independent of the people and its representatives, and possessing the only means of influencing either the Government at home, or the colonial representative of the Crown."

I will read a few more lines, because all this is really applicable to the present political position in India.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Not a bit of it.

**Mr. D. V. Belvi**: It is, the whole of it.

"This entire separation of the legislative and executive powers of a State is the natural error of Governments desirous of being free from the check of representative institutions. Since the Revolution of 1688, the stability of the English constitution has been secured by that wise principle of our Government which has vested the direction of the national policy, and the distribution of patronage, in the leaders of the Parliamentary majority. However partial the monarch might be to particular ministers, or however he might have personally committed himself to their policy, he has invariably been constrained to abandon both, as soon as the opinion of the people has been irrevocably pronounced against them through the medium of the House of Commons. The practice of carrying on a representative government on a different principle, seems to be the rock on which the continental imitations of the British Constitution have invariably split; and the French Revolution of 1830 was the necessary result of an attempt to uphold a ministry with which no Parliament could be got to act in concert. It is difficult to understand how any English statesmen could have imagined that representative and irresponsible government could be successfully combined. There seems, indeed, to be an idea, that the character of representative institutions ought to be thus modified in colonies; that it is an incident of colonial dependence that the officers of government should be nominated by the Crown, without any reference to the wishes of the community, whose interests are entrusted to their keeping. It has never been very clearly explained what are the imperial interests, which require this complete nullification of representative government. But if there be such a necessity, it is quite clear that a representative government in a colony must be a mockery, and a source of confusion. For those who support this system have never yet been able to devise, or to exhibit in the practical working of colonial government, any means for making so complete an abrogation of political influence palatable to the representative body."

Then, Sir, look at the history of South Africa. When self-government was granted to South Africa what do we find? I shall quote one or two sentences from the speech of the Right Honourable Winton Churchill who happened to be Under-Secretary of State for the Colonies in the year 1906. Here also it was proposed that partial self-government should be granted as an educative stage and not full self-government all at once. And this is what Mr. Churchill said:

"The system of representative Government without responsible Ministers, without responsible powers, has led to endless friction and inconvenience wherever and whenever it has been employed. It has failed in Canada, it has failed in Natal and Cape Colony. It has been condemned by almost every high colonial authority who has studied this question. I do not think I need quote any more conclusive authority upon that subject than that of Lord Durham."

So you see, Sir, that if Great Britain really wanted to give us political power we should have been given full self-government. I am quite content if the British Government were to make a public declaration to the world that it holds India simply by brute force, and that it will govern India as long as it can as a conquered country. It is much better to be told the plain truth, however unpalatable it may be to us. We shall be very sorry for some time, but at any rate we shall come to know what our real position is. Are we the subjects of His Majesty the King-Emperor of India, or are we not? If we are, we should be treated like the other subjects of His Gracious Majesty. If we are not, if we are to be treated always as a conquered people, let us be told so frankly. The British people do not say so. The British people always say and proclaim to the world that India is governed with the consent of her people, that India is a member of the League of Nations, one of the privileges of India is to contribute a large amount of money every year to the League of Nations. Another privilege is to send some men to the League. India does not really send these men, but the Government of India sends one or two men and they go there simply to swell the voting power of Great Britain. But how are we treated in the British Empire itself? (*An Honourable Member*: "As helots"). We have no right to go to South Africa, we have no right to go to Canada; you can go there if you like to live in the way that is prescribed for you. Much was made the other day of the "glorious" agreement that was arrived at in South Africa. There is no man who has got a shrod of self-respect who will say that it is a glorious agreement and that it will do Indians any good. Go to any part of the British Empire—Australia, if you like, Canada if you like, South Africa if you please, you are treated everywhere as foreigners. It is because we are not granted real political power in our own country that we are treated so in the rest of the British Empire and in the rest of the world.

Then it is always trotted out that we are not competent yet to exercise political rights (*Mr. K. Ahmed*: "Quite right"), to enjoy self-government. (*Mr. K. Ahmed*: "Quite right.") It is said that responsible government is an exotic in India; it is a plant which cannot thrive here. That plant has to be acclimatised. All this, Sir, is very good phraseology. Are we savages, Sir? (*Mr. K. Ahmed*: "Yes.") *Mr. K. Ahmed* says that he is, but I am not. (*Mr. K. Ahmed* "Question") (Laughter). We are the descendants of ancestors whose name is a household word in the whole of the world. Representative government is not a thing which is new to India. If you are a student of ancient history, Sir, you will find that there were representative institutions in ancient India. But all this is ignored, and we are told that we must be taught how to exercise political power. It is said that we are irresponsible on this side of the House. What else can we be? We must be irresponsible because we know that we are not granted any responsibility whatever. Even if we throw out the whole of the Budget, it will be restored the next day; if we throw out a Bill, it will be restored by certification. If the British Government had been honest, it should have given us some real power; it should have given us a chance of showing that we can exercise real powers in a reasonable manner. The Government, I mean, the Cabinet, in this country is irremovable. Can there be an irremovable Cabinet with representative institutions and with responsible government? What is the essence of responsible Government? The essence of responsible government, in

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my opinion, is that those who exercise powers for the time being are removeable from their places, if a majority of the representatives of the people is opposed to the views of the Cabinet. It is not so in India. You can go on passing hundreds of Resolutions in this House, but all they do, the gentlemen who are sitting on the Treasury Benches opposite, is simply to sit tight and laugh at us while we go on talking for hours and days together. We passed a Resolution the other day praying Government for the release of the Bengal detenus. How was the Resolution treated? With contempt; it was consigned, I am afraid, to the waste-paper basket. Yesterday the Home Member was pleased to say "I have already made my statement". That is the way we are treated in this country. Now we, on this side, are more brainy than is necessary for the well-being of India. There is a section of our politicians who say, "We shall co-operate with Government; we shall show to Government that we are prepared to co-operate with it". When I heard the speech of my Honourable friend, Lala Lajpat Rai, the other day on the release of the Bengal detenus, I was over-joyed; I said, 'at any rate good sense is dawning upon our friends.' I should like to propose to my leader to print, say 100,000 copies, of the speeches of Lala Lajpat Rai and Mr. Jayakar and send them broadcast throughout the country. That will be the best reply to the doctrine of "Responsive co-operation." You cannot possibly co-operate with the present system of Government. If real representative institutions are to be granted, if real political power is to be given to us, the present system of Government must go. There must be a system of removal government. Public servants are of very great use but not of use as a cabinet in a House like this. How do they manage their business in England? From the way in which we are told of the conduct of business there, we are led to believe that in England every member of Government is an intellectual giant. (Mr. K. Ahmed: "Did you go to England?") Now in this connection also I will read from an English book (Mr. K. Ahmed: "Mix with English people first"):

"When we come to consider the interesting business of making a Government, the first question that arises is—What is the chief test of man's capacity for office? Under our Constitution . . . ."

**The Honourable Sir Alexander Muddiman:** Author?

**Mr. D. V. Belvi:** Mr. Michael Macdonagh: "The Pageant of Parliament".

' . . . . with its free and unfettered Parliament, of which the Ministers must be members, a deliberative assembly where everything is made the subject of talk, talk, talk, and provided with a Reporters' Gallery for the dissemination of its debates through the Press, it is inevitable that a man's fitness for a post in the Administration should be decided mainly by his gift of speech. It must often prove a false standard of judgment in regard to genuine ability and character. Glibness of tongue, or even oratory, is certainly not an essential qualification for the administrative duties of government. Still, the fact remains that the ready talker with but little practical experience of affairs has a better chance of office than the man of trained business capacity who is tongue-tied. Perhaps debates are really more useful to a Government than business men in an arena of conflict like the House of Commons. There are some excellent anecdotes pointing to such a conclusion. Disraeli, forming an Administration, offered the Board of Trade to a man who wanted instead the Local Government Board, as he was better acquainted with the municipal affairs of the country than its commerce. 'It doesn't matter', said Disraeli, 'I suppose you know as much about trade as Blank, the First Lord of the Admiralty, knows about ships.' John Bright once said he asked Richard Lalor Sheil, an eloquent speaker, but unconnected with commerce, how it happened that he was appointed to the Board of Trade. I think', replied Sheil, 'the only reason is I was found to know less of trade than

any other man in the House of Commons' (Laughter). Bright himself was made President of the Board of Trade in 1869. It used to be said in the Department that, so unfitted was he for administration, he did not know even how to tie up official papers with red tape (Laughter). When, at an earlier period of political history, Sidney Herbert, Lord Herbert of Lea, resigned the War Office, Palmerston fixed upon Sir George Cornwall Lewis to succeed him, and argued the point with Lady Theresa Lewis, saying that the duties would not be military, but civil. 'He would have to look after the accounts', said the Prime Minister."

**Mr. President:** Order, order. I suggest to the Honourable Member to lay the book on the table.

**Mr. D. V. Belvi:** We are always told that we are incompetent people and we are not in a position to exercise responsibility and power and therefore we are not in a position to form a Cabinet. I want to show that in England also there are people who stand pretty nearly on the same intellectual plane that we do in this country. That is my argument, Sir.

" 'He never can make up his own,' replied the wife. 'He will look after the commissariat,' said the Prime Minister. 'He cannot order his own dinner,' replied the wife. 'He will control the clothing department,' said the Prime Minister. 'If my daughters did not give the orders to his tailor, he would be without a coat,' replied the wife. Cornwall Lewis, however, accepted the offer and his Under Secretary soon afterwards discovered him in Pall Mall reading a work on the military tactics of the Lycaonians. Sir Arthur Helps, the essayist, who was Clerk of the Privy Council, used to tell the story that once when there was difficulty in finding a Colonial Secretary, Lord Palmerston said: 'Well, I will take the colonies myself,' and presently remarked to Helps: 'Just come upstairs with me for half an hour and show me where these places are on the map.' Charles James Fox is said to have confessed his ignorance of what Consols meant. He gathered from the newspapers that they were 'things which rose and fell'; and he was always delighted when they fell, because he noticed, that for some unaccountable reason, it very much annoyed Pitt, as Chancellor of the Exchequer. That, no doubt, was Fox's fun. But we are told of Lord Randolph Churchill, on the authority of his son and biographer, Winston Churchill, that when, as Chancellor of the Exchequer, Treasury Returns worked out in decimal figures were laid before him, he inquired what 'these damned dots' signified. I myself heard Sir Edward Carson, a distinguished lawyer, speaking as First Lord of the Admiralty in 1917, during the Great War, declare that he entered the Admiralty in a state of extreme ignorance. 'Someone asked me the day I went there how I felt,' he went on to say 'and I said, 'My only qualification is that I am absolutely at sea'."

It proves that in England they are not all intellectual giants. They are human beings as we are, nor are they all experts. Why should these British officers exist in India if they are not to assist the responsible Ministers chosen from the elected representatives of the House? Their business is to be public servants. But they are not public servants; they are public masters. They are called Civil Servants. They are not always civil, nor do they believe that they are "servants." It is evident that the present system of Government in India is radically wrong. If Britain chooses to give us responsible Government, let her do so. If she does not choose to give it to us, let her say so once for all. Let there be no pretence whatever. I am loath to hear any further talk about our being unfit and about "progressive realisation of responsible Government". What a long phrase! When is this progress to be made? Another Commission is to come out to examine us. A Commission is to come out to this country once in every ten years to see what progress we have made as if we are people who do not understand our business. All this is sham. (An Honourable Member: "Shame.") I accept the amendment with thanks. No word is strong enough for condemning the present system of Government in India. As I said, it is a mock one. Ours is a sham Parliament. It is no Parliament whatever. One of

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my friends asked me "If you believe that this is a sort of mock Parliament, why do you come here." If I do not come and if I do not give my vote against Government another man will step in here and will probably give his vote in favour of Government. That is the justification for my existence in this Assembly. I do not consider it in the least an honour to be a Member of the Assembly. I come here simply as a matter of duty, to offer as much obstruction to this Government as I possibly can. I do not wish to discuss what the Government has done during the last three years. Government will do nothing. So long as these people who are now occupying the Treasury Benches are there, what will they do? It is a question of bread with them, as it is with us. They want to retain their seats for themselves and for their children. They want to make room for British youths. Did not the Commander-in-Chief tell us the other day that he was in search of British youths to fill the posts of officers in the Indian Army? There are martial races here in India; there are Rajputs and Musalmans, there are Sikhs and Mahrattas. Cannot a sufficient number of boys be found in the whole of India to be trained as officers? No. They want British youths as if there is something very precious in British blood. For the Civil Service also, they want British boys. It was only the other day that we were told that British youths did not come forward in sufficiently large number to compete for the Indian Civil Service. There are here thousands of people who can fill the posts which are filled by these Civilians with much greater credit. I have been at the bar for more than 30 years. I ask you, Sir, to believe me that I had to explain to a Civilian Judge elementary principles of law. He was our Judge, a member of the Indian Civil Service, who now fills a high post under the Government. He shall be nameless here. He asked me when I was conducting a civil suit what the meaning of the phrase "written statement" was. Everything that comes from Britain is taken to be very valuable and all that is to be found in this country is taken to be worthless. The only criterion seems to be the complexion of the man and the racial qualification. Why do they not say so openly? They say "We have given posts to men who have deserved them. We have selected Indian Members for the post of responsible officers, such as Members of the Executive Council." When Lord Morley insisted that there should be at least one Indian Member on the Executive Council, they had to choose Lord Sinha. But what an amount of opposition was offered by Europeans in India? They said if Indians were to be admitted to the Executive Council, how could Government be carried on. Now, here are three Members of the Executive Council. They are all Indians. Would they have been admitted to those places, but for the insistence of the British people? Is it to be supposed that there are not men competent enough on this side of the House who could fill the post of the Home Member and the other people who are sitting on the Treasury Benches? Are we all intellectually incompetent? I may not be competent. (Laughter). But surely, there are many other Members on this side of the House who are much more competent than any gentleman sitting on the opposite side. Our people generally talk in a cringing style. I do not like it. Let us be plain. Let us be outspoken. I have already said once that I shall be very glad if the present system of Reforms is taken back altogether. Either give us something that is real or give us nothing. That is all I have to say in support of this motion.

I am very glad that this motion has been brought forward to give me and people like me an opportunity of expressing our thoughts frankly. I



do not want to conceal anything. It is said that there is some revolutionary spirit in the country; I wonder that there is not more of it. We are treated badly economically; we are treated badly in every way possible, and yet a grievance is made that there is a revolutionary spirit and a revolutionary movement in Bengal. What have my friends on the opposite side done

so far as Bengal is concerned? How are they behaving with the people? They are trying to crush our national spirit, to crush the national spirit out of every young man. What they want is that every man should be servile. Does not every young man in India feel it? If they wanted to keep us slaves, they should not have given us an English education; they should have kept us in absolute darkness. Like Hamlet I would have preferred being deprived of memory. It would have been better if I had not learned English. It is because I learned it that I have become a politician. Had I remained an ignorant villager I would not have come to know all this humiliation of my country. On the one hand they want to give us a high education, they want us to travel and to improve our minds, and on the other they want us to be helots. Are these two things reconcilable with each other? Either govern us as despots or as reasonable and honest British statesmen. You cannot have it both ways. You must either give up the one or the other . . .

**Mr. K. Ahmed:** Why not go to England on a pilgrimage once?

**An Honourable Member:** What has England done for you?

**Mr. D. V. Belvi:** What is the remedy for the extinction of this alleged revolutionary spirit? How is that to be eradicated? Not in the way in which my Honourable friend, Sir Alexander Muddiman, wishes to do it, but in another way. What is the real reason for this alleged revolutionary spirit?

"It is the utter economic helplessness of the younger generation, aided by a sense of extreme humiliation and degradation. The Government never earnestly applied itself to the solution of the problem. They did nothing to reduce poverty and make education practical. Every time the Budget was discussed the Indian Members pressed for increased expenditure on education. All their proposals and motions were rejected by the standing official majorities backed by the whole force of non-official Europeans including missionaries. The Government thus deliberately sowed the wind. Is there any wonder that it is now reaping the whirlwind?"

The cause is economic; the remedy must be economic. Make education practical, foster industries, open all Government careers to the sons of the soil, reduce the cost on the military and civil services, let the people determine the fiscal policy of the country and the revolutionary movement will subside. Die it will not, so long as there is foreign domination and foreign exploitation. Even after India has attained Home Rule, it will not die. It has come to stay. India is a part of the world and revolution is in the air all the world over. The effort to kill it by repression and suppression is futile, unwise and stupid."

**The Honourable Sir Basil Blackett:** Sir, I do not often intervene in a constitutional debate, and I came down to the House with no special intention of intervening, and if I do so now it is mainly in response to something said by my Honourable friend, Mr. Jayakar. He made it a complaint against me that I had not replied to charges and arguments advanced during the debates of yesterday and the day before. The reason why no reply was given was, as the House is well aware, in the first instance, because both sides of the House were anxious to come to a decision on a matter in which a decision had become of very great importance to India. That decision having been finally arrived at, the opportunity has apparently been given me to-day by Mr. Jayakar to reply to one or two of his arguments. The second reason why I did not reply to those arguments yesterday was

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that it seemed to me that the course of the debate was getting away from the issue and moving from the ratio question to the racial question, and my third reason was that the tone of some of the speeches—I refer particularly to Mr. Jamnadas Mehta's speech—was such as had better be ignored, and there were no arguments advanced which had not been met previously. They were merely repetitions of arguments which had previously been fully dealt with. The particular argument which Mr. Jayakar referred to is the complaint against Government that the expenditure though it had gone down in rupees had really gone up in terms of gold. Speaking in another place on Saturday I gave an answer to that argument. I should begin by saying that it is obviously not possible for the Government or anybody else to accept the doctrine that with changes in the commodity value of gold and prices, they can always year by year fit their expenditure so that it moves exactly in terms of gold or of prices . . . .

**Mr. President:** Order, order. The Chair permitted the Honourable Member to state his reasons why he did not make a reply yesterday to certain charges levelled against him by Members on the other side of the House but he is not in order in making a reply to those charges on this debate.

**The Honourable Sir Basil Blackett:** I am quite willing not to give an answer, Sir.

**An Honourable Member:** Wait till Saturday.

**The Honourable Sir Basil Blackett:** It will I think be out of order on Saturday. The answer was fully given in another place, and I can well leave it there.

May I, however, pass for one moment to the discussion of the constitutional question which has now been started. I am reminded by this discussion of the answer which a school-boy gave to the question, "What was Magna Charta?" and he said that Magna Charta was a document which directed that the King was not to order taxis without the consent of Parliament. The Executive Council apparently are not to order taxis if this discussion leads to the destruction of the vote for our travelling expenses. The Honourable Home Member on a previous occasion drew a pleasant picture of our getting some exercise by walking up to Simla, and it is no doubt ~~an~~ amusement that we could find some real interest in, but I submit it would not be of interest to India that the Executive Council should be debarred from travelling and be unable to attend to the business for which . . . .

**Mr. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): I think your travelling allowances are non-votable.

**The Honourable Sir Basil Blackett:** This is the tour expenses and not the travelling allowance.

**Mr. A. Rangaswami Iyengar:** You may walk but your saloon will be paid for without our vote.

**The Honourable Sir Basil Blackett:** I think not. This is for tour expenses, Rs. 60,000.

**Mr. A. Rangaswami Iyengar:** Your travelling allowances are non-votable.

**The Honourable Sir Basil Blackett:** We do not draw travelling allowances. We have tour expenses. They are therefore votable in spite of the Act of Parliament passed two years ago. That is why the Honourable Member has the opportunity for discussing this motion to-day.

I should like to say something to this House which I at any rate feel quite deeply. Mr. Jinnah referred yesterday to St. Paul's definition of faith. Some of the speeches made yesterday showed a trace of that charity which believeth all things, which hopeth all things and imputeth all things. We are, I think, very much in need of those three virtues of faith, hope and charity or love.

It is complained that these reforms do not give you what you want, that they are shams. Reference has been made to Canada and to other constitutional parallels or analogies. I think His Excellency the Viceroy, in the speech with which he opened this Assembly, pointed out that in nearly every case responsible government had come through the habit of the Legislatures that were established of always assuming tacitly that they had more responsibilities than the letter of the Statute gave them, and that the result of that assumption was that the reserved powers which existed at the outset gradually fell into desuetude and eventually were abolished. Now I do not think that either this House or the Government will be prepared to say that the condition of affairs under the Reforms is such as to make us all thoroughly comfortable. I do not think Honourable Members always realise that there are very considerable discomforts, mental discomforts, in the present position, not merely for them but for the Government and the Government servants. We are trying to do a difficult thing and it needs faith, hope and love if we are to make an advance towards the difficult goal. The Honourable Members take a delight in denying that they have got any faith, and in refusing to look with hope, and in showing a lack of charity, but we are here all together trying to work towards a difficult result, and I think, if Honourable Members will look back ten years or twenty years and consider the difference between to-day and ten or twenty years ago, they will realise that very considerable advances have been made and are being registered every day. Look at the difference in the matter of the Indianisation of the departments; look at the difference in the matter of the position of the Central Legislature. It is true that complaints are made that the Central Legislature does not give that complete responsible government which is asked for, but I maintain that there has been an enormous change in the extent to which the representatives of the people assembled in this House can and do influence every action of the Government and the policy of the Government. Speaking for myself, I came out here with the hope that I might contribute, on the constitutional side, something in the development of those Parliamentary forms which have been spoken of with derision to-day in the matter of the control of the Legislature over the spending powers of the Government. I think that every one who looks at the matter soberly will realise that there has been a tremendous improvement in the machinery by which this Assembly exercises its control over the finances of Government. That machinery is being improved and perfected year by year and I also add, as I stated, I think in a budget speech a year ago, that the finances of the Government of India have, in my opinion, been very greatly improved by the fact that they have had to be submitted to the stern criticism and careful scrutiny of this House. In those circumstances I do think that, instead of all the

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time complaining that we have not reached the final goal, Honourable Members might exercise those virtues, faith, hope and love, and make use of what they have got, with the tacit assumption always that they have more responsibility than the letter of the law gives them, and then I think, without any surrendering, without bowing the knee on either side, without going down on our knees and begging for this, that or the other, we can work together to realise what everybody must recognise is a difficult goal.

**Mr. T. C. Goswami** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, it gives me great pleasure to support the amendment of my Honourable friend Mr. Jayakar; and if he will permit me to say so, I should regard it as an honour to be able to support and fortify his very excellent speech. There was behind that speech, not merely great culture and great mental powers, but there was sincerity and there was humility,—which made his speech extremely telling. I almost feel that, by speaking after him, I am perhaps detracting from the effect of what I will again call his very powerful speech.

We are, Sir, on the Executive Council, which, I take it, is the quintessence, in every sense of the Government of India; for we have been told by members of Government that the higher posts in the executive are the reward of merit; and if that definition be really correct, or rather if we are to assume the accuracy of that definition, we must also endorse the proposition that the Executive Council contains the quintessence of merit on the Government side. I will not go further into that subject; but I have to make the whole Executive Council responsible for an act which I do not consider honest and which is certainly not lawful,—namely, making certain items which were votable, “non-voted” in the present Budget. I can almost trace the procedure adopted in this Budget to inconvenient questions asked in this House, to inconvenient debates raised in this House during the last four years. For instance, under the head of the Household Expenses of the Governor General, and under other Demands (to which, however, Sir, I do not wish to refer lest you should rule them out as irrelevant)—even under the present Demand No. 28, we have items which used to be votable, but are now put down as non-votable portions of the grant. I can almost trace that back to the agitation in this House against certain items of expenditure which the House thought were not justified. This in my humble opinion is not only not honest, but it is not lawful. Whether the legality of this departure could be tested in a court of law is a matter which, of course, requires further consideration; but it does not require prolonged consideration to say that it is not honest. The same motive was behind another case which comes to my mind. The whole of the Lee Commission grant was under the Government of India Act votable until the Parliament was moved to make it non-votable. I have no hesitation in saying that the British Parliament thereby perpetrated a fraud on the constitution of India. It has been said frequently that moving Parliament to amend the Government of India Act is a very serious business and not easy for the Government of India, but it was apparently not thought a serious business, nor was it in fact difficult to get the law amended by Parliament in order to make the “Lee loot” independent of the vote of the Assembly. \*

The financial question has been raised, very prominently raised. During the last few days we have heard about the financial exploitation of India. I have been feeling that in concentrating on political advance we

have lost sight of our financial interests. While India has been engaged, and quite rightly engaged, in trying to march farther along the road to freedom, she has allowed those who are in possession of her goods to exploit her even more than they were exploiting her in years past. The revelation with regard to the manipulation of the currency and exchange, for instance, showed that behind the back of the people of India attempts were being made and have been made to rob India. In a little note—little noticed perhaps—which I appended to the report of the External Capital Committee I very humbly raised the question of exploitation through the Imperial Bank of India, through leases, contracts and other things. I have been waiting for opportunities to prove to the hilt exactly the extent to which and the manner in which exploitation through these instruments has been carried on. I assure you, Sir, I will not use this occasion for that purpose; and yet I wish to warn the non-official Members here, that we do not want Swaraj with a mortgaged India. This I have said before, and this I have said from conviction,—from a conviction that there is to-day—and has been for some time—a conspiracy between Government and the European vested interests to take as much out of India as possible before India inevitably gets the political framework of responsible government. The constant refrain with which the Finance Member concluded each of the last few sentences of his speech yesterday—"to the abiding benefit of nobody"—has not been appreciated on this side of the House. The "abiding benefit" of somebody across the seas is the sole purpose for which this Government exists.

Then, the question of dyarchy has been raised. I do not wish to improve on my Honourable friend Mr. Jayakar's exposition of dyarchy. No words are needed to condemn that system, not only from the point of view of the technique of administration but also from the point of view of the honesty with which what was admittedly a transitional system of government has been worked. But there is one thing which I should like to say, and it is this,—that the bait of remission of provincial contribution is a matter which I regard with the utmost unconcern. If I did not use the word "contempt," Sir, it was only in deference to this House; and I say this deliberately,—deliberately because I suppose I should not be presuming too much if I said that I have some political reputation to lose in the province from which I come. Sir, with all my sense of responsibility I repeat that I treat the remission of provincial contributions with the utmost unconcern; and the reason is this. The reason is that in 1925 there was what was practically a guarantee on the part of the Government of India that as far as possible the remitted contributions would be applied to the transferred departments. Now, I know for a fact, and the Finance Member ought to have ascertained it, that the remitted provincial contributions were not applied to the transferred departments. What is the use of our remitting provincial contributions if they are merely to swell the extravagance of the Provincial Governments? And I have particularly in mind the Government of my own province, Bengal. When I mentioned this subject to the Governor of the province the other day he seemed to be in ignorance of the Resolution of the Legislative Assembly which was passed on the 21st March 1925. Sir, statesmanship was never nurtured on "certified" carpets. I wish again to emphasise that this Assembly should not be led away by this bait of tainted money, and that the remission of provincial contributions is a matter which should not weigh with the Honourable Member in discussing the Finance Bill.

[Mr. T. C. Goswami.]

Now I come to a subject about which, as you know, I feel very strongly. What are we to do with a constitution under which it is possible for the Government to imprison people indefinitely without trial. Only yesterday, the Honourable the Home Member referred to the case of Babu Jiban Lal Chatterjee, a detenu who has been suffering from tuberculosis, a man who is almost on his deathbed. The Home Member said, his case was even then under consideration. Is that an answer . . . .

**The Honourable Sir Alexander Muddiman:** I think the Honourable Member may be fair to me. I said the gentleman in question had been released from jail and was with his relations and we were considering what, if any, further action should be taken.

**Mr. T. C. Goswami:** Do I understand he is not in custody?

**The Honourable Sir Alexander Muddiman:** He is certainly in custody of the District Magistrate but with his relations, not in jail.

**Mr. T. C. Goswami:** He is in custody but not in jail. I leave it to the House to draw the distinction.

**The Honourable Sir Alexander Muddiman:** There is a very considerable distinction and the Honourable Member is aware of it.

**Mr. T. C. Goswami:** There is a very considerable distinction, I am told. But you have allowed this man to go on suffering from a disease which is a fatal disease—a man whose liberty was taken away without trial, who is not a convicted prisoner; you come to this House and say that even now his case is under consideration; you quibble that he is in custody but not in jail. A set of barbarians if they had been put the question “would you treat human life in that way?” would have said “No! Not slow torture!” Savages do hold human life cheap, their own as well as their enemy’s; but then they are direct about it. They say “Yes, it is the law of nature ‘red in tooth and claw’ that we should kill our opponents”, but they make no pretence of righteousness. Sir, respect for human life has been preached in this House when the question of bombs has been discussed. Sir, I should like the other side of the House to show respect for human life, and it is only then that they will deserve that the lives of foreigners in this country shall be held sacred. (*The Honourable Sir Alexander Muddiman:* “Thank you!”)

It is, Sir, almost an irony of fate that the only moral claim which this foreign Government has put forward has been belied by facts; and that claim is that they are capable of maintaining law and order. I have said much on this subject previously, but I wish to add this, that last year during the anarchy in Pabna—a district town in Bengal—it was only with the aid of a flag, whose colour was red, the flag of one of the rebel mobs, that the royal mail was allowed to ply from Issurdy to Pabna, not for one day but for several days. The customary Union Jack had to give way. You may create trouble; you may divide the people, but you cannot for a long time prosper on our divisions. Nature is against it, and it was shown and is being shown even to-day in Bengal, that it does not pay to divide and rule, that the only argument in favour of autocracy, namely, the enforcement of law and order, is a claim which is capable of being belied by facts.

We have recently had our rights under the *habeas corpus* section tested in the High Court of Calcutta. I wish to say nothing about the judgment of Mr. Justice Buckland, but I do wish to point out the utter insecurity of

the subject in this country, an utter want of protection. We are entirely devoid of any protection for our lives and our liberties as against the officials; and therefore, I ask, Sir, why should we co-operate with this Government? What is the consideration? Our lives and our liberties are not sacred under this constitution. Why should we co-operate? It is the recent custom of Government to put up a brazen-faced front as a security against explanation and argument. To be brazen-faced is, not necessarily to be in the right. It is true, as has been said by my Honourable friend, Mr. Jayakar, that the Government of India to-day are more strongly entrenched than they were before. That, Sir, I hope, is a temporary phase. But it does not follow that they are in the right. The struggle between right and wrong has gone on in the Universe for countless years, and the side which is most brazen-faced is not necessarily the side of the right. Otherwise in your own classics you would not have described the most serene and exalted as well as the most intrepid of the Archangels as the "fraudulent imposter foul."

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

**Mr. President:** The House will now resume discussion of the Demand under the head "Executive Council".

**Mr. N. O. Kelkar** (Bombay Central Division: Non-Muhammadan Rural): I wish to make a few observations on the motion that has been moved from a constitutional point of view. In doing so I must first of all say by way of personal explanation one or two things that have been indirectly commented upon. I admit I was one of the three people who sent in very big cuts, in the sense of leaving a very small margin as far as possible for the establishment; but I would like to give my own reason for this. I do not know the reasons of other people. My reason is this. I have no mathematical genius, but for a moment I wanted to try the game of a mathematician and to investigate mathematical minima for a certain purpose. Now, why was I doing that? I was investigating mathematical minima because I wanted to make it relevant to the Government policy of investigating mathematical minima in giving political concessions, and that I say is the appropriateness of my making that sort of cut. I really wanted to offer this as an example of the depths to which one can go in cutting down the establishment as against the depths to which Government can go in cutting down the concessions that they can give to us. The cut is technically aimed only at the establishment of course. The Executive Council itself has been described as 'untouchable,' for the grant for them is non-votable. We can only reduce the grant, if we may, of the establishment, and supposing we succeed in doing that, what will be the result? I know a case like that happened last year in the Bombay Council. The establishment of the Director of Industries was cut down by the Council, and the poor fellow had to go without an establishment and I do not know what he afterwards did—whether he went to some other job or did something else. But I have no fears about what the Executive Council will do if their establishment is cut; and therefore I do not want to follow that kind of argument. My point is that this cut is really meant not for the establishment but for the Executive Council itself. The significance

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of the cut does not stop even there, because we regard in this matter the Executive Council as the vehicle which may carry our censure to the Home Government and also because the Executive Council is the representative of the Home Government, and the *de facto* Government in this country. They are the men on the spot, and if we want administrative reforms we have got to look to them first because, unless they are in point of spirit a really national Government, we cannot rely upon anybody to put our case before the Home Government as fully as they themselves do sometimes. In fairness to Government I will say this. From a perusal of the official papers, I have come across instances in which they have fought tooth and nail with the Home Government. The location of the reserves is a case in point. The Government of India wanted the reserves to be located in India and the Home Government wanted to keep the reserves in England. The Government of India wanted the reserves to be kept liquid to be commanded at any time. The Home Government said that they would invest them under the pretence that the investments would bring some interest. Even an imperious Viceroy like Lord Curzon, be it said to his credit, resisted strongly the suggestions for Imperial Preference. I do not deny that this Indian Government sometimes in its own interest, and sometimes inspired by the instincts of a national government, really fight with the Home Government. But they do not do it as often and as spiritedly and vigorously as we want them to do. We want to convert them to nationalism. We want the Indian Government to be a really national Government, so that they could fight with the Home Government. The late Mr. Montagu we all know made it a condition that India should be given fiscal autonomy and financial autonomy if the Legislature and the Indian Government agreed. We do want the Indian Government through its Executive Council and the Indian Legislature to agree as far as possible, but they can agree only if this Government will be nationalised in spirit, not otherwise.

Now, speaking from the constitutional point of view, the present constitution was given, as we all know, to India under the stress of difficulties and calamities arising out of the War and partly also out of gratitude to India for what she did for the Home Government during the War. But when the piping times of peace were restored, all that was forgotten and the Government on the spot began to work the constitution in a most grudging and slow fashion. And we realise that we have to fight the ground inch by inch. That is a very painful process but we have got to go through it. Now, what about the responsibility of the Government itself? It is very difficult to find out where the responsibility is. Some time ago I saw a cartoon in *Punch* which purported to describe responsibility among the Cabinet and the picture was drawn of seven big boys each pointing his own thumb at the other and the circle was completed. That represented the total absence of the means to discover the real responsibility. I might refer this House also to the story in the Grecian mythology in which we are told there were three one-eyed sisters. They had a single transferrable common eye between them. Each used the eye for her own mischievous purpose, and when somebody wanted to tax the deity for having done it, she transferred the eye to the other deity and said "I was blind". That represents the state of responsibility. Take the case of a passport. We ask why a certain passport was not given to a person to come back to India. We are told by the Indian Government that the Home Government is in the way. Questions are asked in Parliament and we are told



that it is the Indian Government who must take the initiative, and they say the Bombay Government must make the suggestion. Where do we find responsibility as between the three? There is obviously no means to locate responsibility. Our arms are not so long as to reach the Home Government beyond the seas. We must for the purpose make the best use of the men on the spot, that is, the Executive Council. We can come face to face with them and exercise our power and influence. Real responsibility and power is securely entrenched behind seven fortifications as it were. In the mufassal, for instance, we have got to pull down the fortification of the Provincial Governments. Then there is the Government of India; then there is the Viceroy, who can override his Council and the Legislature in certain matters. Then there is the Council of State which we all know to our cost can upset every decision of ours. Then there is the Secretary of State and his Council, and occasionally the Treasury in England and the British Cabinet. We find that the gold standard currency proposal after the Fowler Commission was negatived not by the Secretary of State but on the advice of the British Treasury, who upset the whole plan. So here at least is one instance in which the Secretary of State was on our side but the British Treasury mischievously intervened and pulled down the proposal. That reminds me again of the proposition of Indian philosophy. The good pure soul is there, but it remains hidden within *Sapta Koshas* or seven sheaths of environment, and before you can make the soul active or reach it, you must break through each of these mischievous 7 *Koshas* or enclosures of environment inch by inch. That is how the game is extremely difficult for the non-official.

My friend Mr. Belvi has already referred to the measure of self-government given to Canada and the other colonies and that given to India. I would say, if you look at the Preambles of the different Acts conferring self-government on the colonies and India you will at once see the difference between the policy underlying those Acts and the spirit also. The Preamble of the Government of India Act of course says that ultimate power rests with the Home Government, and they are to examine the Indian people by a sort of examination every 10 years or thereabouts, and then decide themselves what further measure of progressive responsibility can be given to the Indian people. Not so the Preamble of the Act of the South African Government, where it is laid down in the Preamble that whereas the people of South Africa have come to a unanimous decision about a particular form of Government to be given to them, therefore this Statute is being passed in order to give legal form to that understanding. And if you will read the speech of, I think, Sir Henry Campbell Bannerman, you will find that the Home Government openly admitted that they had pledged themselves not to alter a single word in the understanding recorded by the South African round table conference. And we are asked for a certificate of fitness, and without that certificate of fitness we are not to be given self-government. Now it is admitted, not by British politicians, but by dispassionate thinkers and philosophers, that India at one time possessed a very large degree of civilization. It knew what civilized government meant; it knew what military government meant; it knew what practical administration meant. We can say that the British administration as now run has drawn very largely upon the schemes and plans of practical administration which were actively in use under our old governments. But we have to produce a certificate. The Indian people are still living. We are still living in this Assembly before the eyes of Government, but what is required is a certificate that we have been living in the intermediate stage between that old civilization

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of ours and the present time. It reminds me of the auditor's demand for a certificate that a man who desires to draw his pension is still alive. He may have a certificate that he was living in December last, and he is now alive and asking for his pension; but that is not enough for the auditor; the man must arm himself with a certificate to show that he has continued to live in the intervening time between the months of December and March. That is the sort of certificate of fitness which is being demanded from us, and it is supposed that we cannot provide that kind of certificate. The audit rules must really be changed! But really, Sir, this matter of fitness or unfitness is merely a verbal shibboleth, and much is made of it simply because we are absolutely impotent at this moment to have things our own way. But it would be useful I think to ask Government really to play the game. They call upon us to play the game, and it is for us also in return to call upon them to play the game. And what ought the game to be? You have a legislative body and proclaim to the world that it has an elected majority. What is an elected majority there for? A hundred elected Members come here for what purpose? For the purpose, as has been remarked by a previous speaker, of mere talk. And if we are here merely for talk, of course we can go on talking as much as we like and as often as we like without coming to any particular decision and without serving any useful purpose. In my opinion, Sir, there would be no real purpose in calling so many people to this House if you give them no real responsibility. That man must have been inspired who, in connection with the Reforms, first uttered the word 'responsibility.' I appreciate that responsibility; I admire the sense of the man who suggested that word as a solution for the Indian political problem. But the question is, what sort of responsibility have we got in the present Assembly or in the local Legislative Councils in the provinces? There is absolutely no responsibility at all. Now what would be responsibility? It would be this. Supposing we took a wrong decision or a decision the Government thought was wrong: then it should be up to the Government to call upon us to prove that we were right. In practical administration how else can we prove that we are in the right unless we are in office ourselves? On the other hand, if we defeat the Government in a matter on which we think they are wrong, what is the position? From these Benches we cry out and say, "Retire, resign." But who is going to resign or retire? They will sit tight in their places; they will draw their pay; they will enjoy all the privileges of office; they will enjoy the full measure of power; and like the insistent housewife in the household they will claim the last word in the debate also. (Laughter.) After all, we know that responsibility can be realized only by going through responsibility not by playing with it from outside. We know the Gladstonian formula about liberty. Gladstone said that man becomes fit for liberty by exercising liberty; not by teaching him from outside what liberty is and how to enjoy it and exercise it, but by actually giving him liberty. In this connection I may note the famous formula suggested by a high political thinker whom I respected. His formula was this. If, he said, you want to prepare a man for efficiently administering an office, you must give him an even higher office. For instance, if you wanted a man to be an efficient Deputy Collector you must make him a Collector. In the office of Collector he may perhaps be a failure to a certain extent, but by the very exercise of the higher responsibility he would at least be a good Deputy Collector. That was the formula which he framed, and I think that there

is a great truth in that formula. If you want people to be really responsible and to exercise responsibility, you must give them responsibility not only in a full measure, but in a fuller measure. That is sometimes necessary.

Now by responsible government we want two things. First of all, Indianization of the services in the higher ranks. But not only that, for we shall never be satisfied even if the whole of the Executive Council to-morrow is Indianized and is full of Indians but remains as irresponsible as it is now. We shall never be satisfied unless we make them responsible to the will of the Legislature, because after all that is the only one function which the Executive Council in my opinion is bound to perform, and that is, to carry out the will of the Legislature. The reconciliation of the will of the Legislature and powers of the Executive Council of course is a difficult problem, and it is being solved in a number of ways in other countries. Now here also we want the same to be done, and that can be achieved only by putting Indians in the highest places as often as possible and ultimately making even the Indians responsible to the will of the Legislature.

Now, with regard to the appointment of Indians to higher offices, we know that so long as no Indian was appointed to any high office, of course the Government pronouncement, the Government proclamation, was that nobody was fit to take that post. But since that policy was inaugurated in Lord Morley's time how many Indians have filled how many of the higher posts, and was there ever a single Indian who was found to be unfit? Did the Government ever proclaim that a particular Indian who enjoyed a high office ever proved unfit? It is admitted, therefore, that all those Indians who were put in high positions did prove themselves fit, and therefore that is a very strong argument for other Indian people also being put in the highest offices as often as possible. Now in this matter we know that men have been found like Lord Sinha who proved themselves not only fit for any high office in the gift of Government (At this Stage an Honourable Member passed between the speaker and the Chair and was called to order by Mr. President) but above any high office that can be offered to him,—and we want people like that. I feel proud when an Indian occupies a high post, a high office, but, Sir, I feel prouder when I see an Indian who rejects a high office. My pride consists in having Indians not only who accept office but in having Indians who are so high in their position that they will spurn office and reject a high office if offered to them. That of course does not mean that every office should be rejected, and that is certainly our point of view—the point of view of the Responsive Co-operationists; while we want some people to take offices, useful offices and serve their electors and the country in the best manner they can, we want other

3 P.M. people in the country who must be above taking office: and the combination of people who take office, and take office for the good of the country, and of those people who are above office—is in my opinion an ideal combination. (*The Honourable Sir Alexander Muddiman*: "The best of all possible worlds!") Of course it would be invidious to mention names, but restricting myself only to a few outstanding Indians who have departed, I can certainly refer to Indians like Dadabhai Naoroji, Ranade and Gokhale, who certainly would have done useful work, successful work, as Finance Ministers. But it was not so in their time. But even supposing offices were thrown open in their time, I know that among these people there were some people who might

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have rejected office. Now I myself wanted to read to the House a passage about the formation of Cabinets in England, and my friend, Mr. Belvi, has already done that. I therefore need not do that again, but referring to the long quotation he read to the House I will say only this that even in England it is an admitted fact that the Cabinet is manned by people who have a general position and an ascertained quantity of intellect and influence in the country. It is not experts alone or people with business experience or administrative experience who are there. It is the duty, the legitimate duty of people, who are in touch with public opinion, to occupy high offices where high policies are formed or confirmed. For the rest we naturally depend upon the permanent officials, for whom I have got the highest respect because it is they who really run the administration. But above them of course must come people from the public who have got great intellects, who have great influence and, being in touch with the real public sentiment, will dictate to the permanent officials the policy which should rule the Government.

Now I will take the point, that is about the fitness, the alleged fitness or unfitness, as it may be said, of the Colonies which enjoy self-government or were given self-government and I will just point out what was the actual condition of things in certain colonies at the time, when they were regarded as fit for self-government or were even enjoying self government. Now it is well known that in England itself the educational qualification has never formed a test of fitness, as also in the British Dominions. That also is the case here. Therefore we need not be asked to stay our hand and to wait indefinitely for a fuller measure of self-government because the Indian people or the electorate is not sufficiently educated. It has been always said that you have not got a good electorate, you have not got an educated electorate, therefore, wait for their education. My answer is that even in England and the Dominions education has never been accepted as a qualification for an electorate. So even if my Indian elector is uneducated, that quite suffices for me if he is ordinarily an intelligent man and knows his business. Now in the year 1845, "only about one in six even of the children at school in England was found able to read the Scriptures with any ease and even for these the power of reading often left them when they tried a secular book." In 1845 England was of course enjoying full self-government. About the teachers, Henry Craik says in his book on State and Education:

"The teaching of the schools was in the hands of men who had scarcely any training and who had often turned to the work because all other work had turned away from them."

Now about Canada Lord Durham himself says:

"It is impossible to exaggerate the want of education among the inhabitants. No means of instruction have ever been provided for them, and they are almost, and universally, destitute of the qualifications even of reading and writing. A great proportion of the teachers themselves could neither read nor write."

That was the state of things in education in Canada when Canada was found fit for self-government. Now much is said about the existence of different castes in India. But these are not found only in India. Englishmen may now laugh at our castes and urge them as a sign of our unfitness for representative government, but they forget that hardly two centuries ago, as Macaulay says in his History of England, they had so

many sects among them that when a census was taken, the population was reckoned only by sects, in religion and politics. Many of our readers must have read how the King of Brobdingnag laughed at Gulliver's arithmetic when the latter told him that the numbers of the English people in his country were counted by counting the people in different sects.

"Again so late as 1877 in England the numbers of all Churches and Chapels of the various dissenting religious denominations was according to the 38th annual report of the Registrar General issued in that year no less than 122."

Now, with regard to the North American Colonies, I draw attention to this because here it is alleged that we have communal strifes. But there it is said about North America:

"Fire and water are not more heterogeneous than the different colonies in North America,"

Now, about Canada, Bourinot says:

"At the present time the records and statutes of the Dominion are always given in two languages, French and English, and the same is true of all motions put by the Speaker. . . . In the Legislature of the province of Quebec, French has almost excluded English. . . . In the Supreme Court of the Dominion, the arguments may be in French and the two Quebec judges give their decisions in their own tongue. . . . In the country in some remote communities English is never spoken and is understood only by the curé or notary."

**Mr. D. V. Belvi:** That is the case in South Africa also.

**Mr. N. O. Kelkar:** In South Africa also we know that the business of the law is carried on in two languages. So the multiplicity of languages cannot be a bar to our aspiration for self-government.

Speaking about the United States, Lecky says:

"Twenty-one years before New York fell into the hands of the English it was computed that not less than eighteen languages were spoken in or near the town."

Now, I will read one passage from Lord Bryce:

"Though it is usually assumed in platform speeches that the audience addressed are citizens of the attractive type, everybody knows that in all communities not only in Chicago but even in Liverpool, let us say, or in Lyons or Leipzig, a large proportion of the voters are so indifferent or so ignorant that it is necessary to rouse them, to drill them to bring them up to vote."

Conditions in India are certainly not much worse. We want our electors to be educated, to go to the poll to exercise their vote, and from the last elections we see that a very large proportion of the voters have exercised their vote. Whether they are educated or not is not the question. Now, supposing they send a wrong man to the Council, what happens in regard to responsibility? Sir, after all what is responsibility? Responsibility, I think, is liability to take consequences. That is my meaning of the word. It cannot go beyond that. Responsibility means liability to take the consequences. Now, supposing the voters send a wrong man, a man that they ought not to have sent to the Council, and he gives a wrong vote. After all, what would be the consequence? One in forty, or one in hundred, the consequence could not be very great. But when people could not send their representatives, and even when representatives are sent and the Government has no responsibility, are we not taking the consequences? Have we not got the liability to take the consequences? Who else takes the consequences, if not the Indian people? Who else

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but the Indian ryot and the elector that really takes the consequences when Government is unrepresentative or irresponsible? Government imposes taxes upon them. They pay them. Government does all sorts of mischief with regard to finance. Who bears the consequences? The poor people bear them. The Home Member is not here.

**The Honourable Sir Alexander Muddiman:** The Home Member is here.

**Mr. N. C. Kelkar:** I mean the Finance Member is not here. Supposing there are wrong consequences from the financial policy, ultimately who takes the consequences? That is my question. The position is not really affected by one wrong man or undesirable man being sent to the Councils. After all, voters will exercise their best judgment and send the right kind of people. What is wanted now is that Government should transfer responsibility to the people, to the representatives of the people, and until they do that, of course responsibility means only power. There is no other meaning to responsibility, and when Government use the word "responsibility" I attach a very funny meaning to it. If I have to say "I want to eat the whole dinner" I say "I must be responsible for eating the whole dinner." That is the state of things as it is. Therefore, the responsibility of Government is absolutely nothing; they are irresponsible and the representatives of the people also are irresponsible. I cannot see where the responsibility at present really lies.

**Nawab Sir Sahibzada Abdul Qaiyum** (North West Frontier Province: Nominated Non-Official): Are these not strong arguments in support of the grant of Reforms to the Frontier Province coming as they do from a leading member of the National Party, Sir?

**Mr. N. C. Kelkar:** Have I voted against it, Sir?

**Nawab Sir Sahibzada Abdul Qaiyum:** No, but I want that it should be noted by the House.

**Mr. N. C. Kelkar:** Yes, it will be considered on its merits when it comes up before the House.

**Nawab Sir Sahibzada Abdul Qaiyum:** You have explained the merits very fully, Sir.

**Mr. N. C. Kelkar:** Therefore the real position is this. We have lost our own native Government, we have lost our independence and therefore we must be judged to be unfit for anything! Because unless we actually reconquer our Government back, we cannot prove our fitness! That is the position. Here I would just like to read one passage from Parnell Shaw which will throw some light upon the point. It is sometimes urged that India is incapable of self-government as she could not defend herself against foreign invasion. But Mr. George Bernard Shaw has given a crushing reply to this argument in the columns of the *Commonweal*. He says:

"The truth is all nations have been conquered;"

and let this be marked, because this has been said with regard to European nations, not Indian or Eastern nations only. You may brush aside China, you may brush aside Persia, you may brush aside India.

But here Mr. Bernard Shaw speaking with regard to European nations says:

"The truth is all nations have been conquered; and all peoples have submitted to tyrannies which would provoke sheep or spaniels to insurrection. I know nothing in the history of India that cannot be paralleled from the histories of Europe. The Pole, whitest, handsomest, most operatically heroic of Europeans, has eaten dirt in the East, as the equally romantic Irishman has in the West."

I beg pardon if there are any Irishmen here, because we bear them good company, I say in all humility.

"I know nothing in the history of India that cannot be paralleled from the history of Europe. . . . Germany has given such exhibitions of helpless political disintegration accompanied by every atrocity or internecine warfare as India at her worst can never hope to surpass. If India is incapable of self-government all nations are incapable of it, for the evidence of history is the same everywhere."

Now, the best argument on the side of the Government for not transferring self-government to India is that they are the best Government and they are the *de facto* Government. Yesterday we discussed the ratio and the strongest argument was that it was the *de facto* ratio. So, the strongest argument in favour of this Government also, is that it is the *de facto* Government; but just as I did not accept the ratio because it was the *de facto* ratio, I am not going to accept this Government, because it is the *de facto* Government. I want a change in this Government I want a modification in this Government, and strictly according to the changes in the times.

I will conclude with one remark. It is often said that India must submit to the present rule because she is protected by England. I deny that India is protected by England for the sake of India. I assert that England protects India because it is the brightest gem in her diadem. If she loses India she loses the Empire; therefore she is protecting India for the sake of the Empire. Nobody therefore need ask why India is being protected by England and say "therefore be satisfied with the present form of Government and do not hanker after self-government. England has done so much for you, therefore out of gratitude you must submit to the existing state of things and not ask for self-government."

Now I am going to pay a compliment to the Irish people by quoting one of their best men, Grattan. (*An Honourable Member*: "Bernard Shaw is an Irishman.") I will conclude by what he said about gratitude. He said, gratitude is all right. It is human to be grateful; but he said "no man need be grateful at the sacrifice of his self-respect, no woman need be grateful at the sacrifice of her chastity, and no nation need be grateful at the sacrifice of her political liberty."

**Colonel J. D. Crawford** (Bengal: European): Sir, I have a technical objection to the motion of my friend, Mr. Jayakar, and that is as to the size of the cut. I feel that there are two objections to a cut of practically the whole of the grant. The first is one that was discussed this morning, namely, the failure to give movers of lesser cuts the opportunity to draw attention to points of policy of lesser value. That was the point you raised, Sir, and I welcomed your suggestion that the House should take this into consideration when considering its future procedure. The second objection is that it forces the use of certification and that I feel is a very real danger, and that the House itself is losing much of its power by forcing the use of certification. If I can judge from the British

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Empire and various self-governing Dominions, I find that in all their constitutions they had safeguards, but never forced those safeguards into use, with the result that that portion of the machinery has rusted and could no longer be used.

To turn to the speech of my friend, Mr. Jayakar, to which I listened with the very greatest of interest, I felt that he complained of dyarchy because it is built up on mistrust of the Indian Ministers. Now, Sir, I do not agree with my Honourable friend on that point. After all we have Indian Members of the Viceroy's Executive Council who I know are just as patriotic as any of the Members that sit on the opposite Bench, and they surely have been trusted. I feel that the idea at the back of the minds of the framers of this constitution was not mistrust of Ministers but mistrust of the capabilities of untried electorates. My feeling is that the first Assembly did more to push Government along the road which the House wanted it to go than any of the subsequent Assemblies have done, and I believe that those men have delivered more goods to the electorates than the politics of the Swarajist Party has ever done or ever will do, and I congratulate my friends, the Responsivist Party, for having recognised that point and for having had the courage to face the issue and to get the Indian electorates to realise what men may do by a reasonable frame of mind. I myself am not enamoured of the present franchise, but I will not take my own opinion on that question but quote from my friend Mr. Belvi's opinion of the elected representatives of this House. Speaking on Sir Hari Singh Gour's Age of Consent Bill on the 2nd September 1925, these are the words of my Honourable friend. To-day he is claiming that he and his friends should sit in the position of Government, and I presume he is speaking entirely politically. But on the occasion on which I propose to quote from his speech he said, "I oppose the motion from the bottom of my heart." On that occasion he really felt what he said. These are the words he himself used regarding the elected representatives of this House:

"Sir, I tell you this in all sincerity to friends. Do not be carried away by the voice of a few people who are in this Assembly. They are heterogeneous people—they are a motley crew and intellectual hybrids, if you will pardon me for the expressions. They have no right whatever to force their views upon people who are not willing to accept them."

When I find that point of view coming from a prominent member of the Swarajist Party as regards the standard of men elected by the existing franchise, I have great doubts whether that franchise has yet proved its ability. It is not to my mind a question of power being given to the Legislature or to the men to-day in the Legislature, but it is a question of the power of the electorate which you have built up to elect suitable men and the very best men that India can produce. I feel, that when they failed to return those men to this Assembly, they did not show any true appreciation of the real position. I will show how the reasonable action of my Responsivist friends in this Assembly has had some effect, and will just mention the Civil Aviation grant. They pressed certain points on Government and got Government to accept them.

I have one further point to make before I sit down. My friend, Mr. Goswami, alluded to the Executive Council as those horrible people, exploiters of India.



**Mr. T. O. Goswami:** I said "the quintessence of merit."

**Colonel J. D. Crawford:** Here again I will quote from one very distinguished member of his Party on the Civil Service. I quote from a speech of Mr. Ramadas Pantulu in the Council of State on the 16th February, 1927.

**An Honourable Member:** He was pulling your leg.

**Colonel J. D. Crawford:** Talking of the conditions under which the Covenanted Civil Service came into existence he said:

"It was constituted at a time when the British people had to protect the people of India from the economic exploitation of foreign merchants, to protect the people from alien oppression, and also to bring out young Englishmen in order to train them for the task of governing India."

That is the truth expressed by a leader of the Swarajist Party. At times we get these unfortunate truths from the mouths of our Honourable friends opposite.

We on this side are not opposed to the demand for self-government. We believe that responsibility and power must go hand in hand, but what we want to see is that the people to whom the power is handed are men of integrity, honesty and capacity, and when we are sure that the electorates can send those men to the House, then we will be more inclined to march shoulder to shoulder with our friends.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Division: Muhammadan Rural): Sir, I agree with my friend, Colonel Crawford, when he says that cuts in motions like this should not be as extensive and as large as the one which we are discussing. As I stated in discussing the Budget for Railways, I am also of the same opinion as Colonel Crawford is. It is in my opinion detrimental to the interests of the country to force the Governor General to use his power of certification . . . .

**An Honourable Member:** Who is forcing?

**Maulvi Muhammad Yakub:** These cuts force the Governor General in Council to use his power of certification. These debates are raised only to discuss certain propositions and certain constitutional points and this purpose can be served even if the cut is Rs. 100 or Rs. 200 or Rs. 1,000, so what is the use of making such a big cut as to make the Governor General use his power of certification? But I do not agree with my friend Colonel Crawford when he objects to the rights of the Members of this Assembly as being representatives of the people. I agree that our electorate is not as educated and as capable as it ought to be, but it is not our fault; we have not made these electorates, the electoral colleges were not made by us; they have been made by the Government and we are forced to work upon them. Also, as my friend Mr. Kelkar has recited some passages from Lord Durham's speeches, we find that when responsible government was given to Canada, the electorate in Canada was not more capable or more educated than our electorate is at present. Not only in Canada, but when responsible government was given in England and Parliament was in its infancy, you will find the right of franchise was abused in England in a much worse manner than it is in India. Therefore I do not agree with my friend when he says that the Members of this Assembly do not represent the public of the country and they are not entitled to express views on behalf of the people of India . . . .

**Colonel J. D. Crawford:** Might I suggest to my friend that I was quoting Mr. Belvi?

**Maulvi Muhammad Yakub:** You have quoted that passage of Mr. Belvi's speech which did not refer to the franchise. I wish you would also quote those passages which Mr. Belvi quoted about the franchise in Canada and elsewhere.

Now, Sir, as regards the real point under discussion, I am confident I am voicing the feelings of a large majority of educated Indian Muslims when I say that we are second to none in our desire for the attainment of speedy self-government in India and that we are ready to work shoulder to shoulder with our sister communities in order to win this cherished goal. Our leaders have expressed it in quite unmistakable terms, that in all political matters we are Indians first and everything else afterwards. But at the same time I want to make it quite clear that our demand for the speedy attainment of Swaraj is supplemented with our equally strong desire for securing and protecting our religious, social and political interests. Being members of a minority community, we cannot take any step forward in haste and we cannot allow ourselves to drift without knowing what would be our position under the sun when the dawn of Swaraj has appeared in this country. The past history and present conditions of the world have clearly demonstrated the natural tendency of majorities to persecute and if possible annihilate minorities. The Plebians were so persecuted by the Patricians under the great Roman Empire. . . . .

**An Honourable Member:** The Plebians were in the majority.

**Maulvi Muhammad Yakub:** But they were weaker, Sir, as we are in India. And the Jews were so persecuted by the majority of Christians in Europe, also the Protestants, where they were in a minority, were so persecuted in Europe. So this is the natural tendency of the majority to crush the minority if they can. It is for this reason that in all civilized countries special measures for the protection of minorities have been considered necessary. Now, Sir, in the recent treaty of peace with Turkey we find special provisions are made for the protection of minorities. We find it stated:

"Non-Muslim minorities will enjoy full freedom of movement and of emigration, subject only to the measures applied, on the whole or on part of the territory, to all Turkish nationals, and which may be taken by the Turkish Government for national defence, or for the maintenance of public order."

Again in article 39 of the Treaty it is stated:

"Turkish nationals belonging to non-Muslim minorities will enjoy the same civil and political rights as Moslems."

And further on:

"Differences of religion, creed or confession shall not prejudice any Turkish national in matters relating to the enjoyment of civil or political rights, as, for instance, admission to public employment, function and honours, or the exercise of professions and industries."

No restrictions shall be imposed on the free use by any Turkish national of any language in private intercourse, in commerce, religion, in the press, or in publications of any kind or at public meetings."

Then article 40 says :

" Turkish nationals belonging to non-Moslem minorities shall enjoy the same treatment and security in law and in fact as either Turkish nationals. In particular, they shall have an equal right to establish, manage and control at their own expense, any charitable, religious and social institutions, any schools and other establishments for instruction and education, with the right to use their own language and to exercise their own religion freely therein."

Then article 41 says :

" As regards public instruction the Turkish Government will grant in those towns and districts, where a considerable proportion of non-Moslem nationals are resident, adequate facilities for ensuring that in the primary schools the instruction shall be given to the children of such Turkish nationals through the medium of their own language. This provision will not prevent the Turkish Government from making the teaching of the Turkish language obligatory in the said schools.

In towns and districts where there is a considerable proportion of Turkish nationals belonging to non-Moslem minorities, these minorities shall be assured an equitable share in the enjoyment and application of the sums which may be provided out of public funds under the State, municipal or other budgets for educational, religious, or charitable purposes."

Then, Sir, they were not content with these provisions and considering that the Turkish Government might amend or change the provisions, in the end we find article 42 stating.

" The Turkish Government undertakes to take, as regards non-Moslem minorities, in so far as concerns their family law or personal status, measures permitting the settlement of these questions in accordance with the customs of those minorities.

These measures will be elaborated by special Commissions composed of representatives of the Turkish Government and of representatives of each of the minorities concerned in equal number. In the case of divergence the Turkish Government and the Council of the League of Nations will appoint in agreement an umpire chosen from amongst European lawyers "

Then, Sir, further we find that the Turkish Government undertakes to grant full protection to the churches, synagogues, cemeteries and other religious establishments of the above-mentioned minorities :

" All facilities and authorisations will be granted to the pious foundations and to the religious and charitable institutions of the said minorities at present existing in Turkey; the Turkey Government will not refuse for the formation of new religious and charitable institutions any of the necessary facilities which are granted to other private institutions of that nature."

At the end we find that Turkey agrees that :

" in so far as the preceding articles of this section affect non-Moslem nationals of Turkey these provisions constitute obligations of international concern and shall be placed under the guarantee of the League of Nations; they shall not be modified without the assent of the majority of the Council of the League of Nations."

**Mr. N. M. Joshi:** May I ask the Honourable Member one question? Whether he will be satisfied if these provisions are introduced into the Indian constitution?

**Maulvi Muhammad Yakub:** Well I will come to that. 'I will tell the House with what conditions we will be satisfied. (Laughter.) It is not a question of laughter, Sir. Speaking as President of the Bihar Hindu Sabha our Honourable and esteemed friend Lala Lajpat Rai on April 4th, 1925, is reported to have said :

" He could not understand those Hindu leaders who said that they must have Swaraj at any cost. 'What would they gain' asked Lalaji 'by Swaraj if they lost their own identity, if they annihilated themselves as a community? Swaraj would mean nothing to them.' He did not like that the Hindus should destroy themselves in pursuance of their political ambitions."

[Maulvi Muhammad Yakub.]

Now, Sir, if the responsible leader of a majority community, who is in the position to deliver the goods on behalf of his community, when he considers that if some more seats in the Councils are given to Mussulmans he does not want Swaraj, then, Sir, the solicitude . . . . .

**Lala Lajpat Rai:** I beg your pardon, I have not said that; the quotation you have read out does not say that. There was not one word in it about seats in Councils.

**Maulvi Muhammad Yakub:** I will read it again for the benefit of the House:

"He could not understand those Hindu leaders who said they must have Swaraj at any cost. 'What would they gain' asked Lalaji 'by Swaraj if they lost their own identity?'"

Now how were they losing their identity?

"If they annihilate themselves as a community Swaraj would mean nothing to them. He did not like that the Hindus should destroy themselves in pursuance of their political ambitions."

**Mr. K. Ahmed:** It was never Hindu Swaraj. They will not have it!

**Lala Lajpat Rai:** I entirely repudiate it; it is entirely false. I do not want Hindu Swaraj, I say it on the floor of this House.

**Maulvi Muhammad Yakub:** Well, Sir, the whole paragraph shows it. I will quote a few more lines from the presidential address from which I have already quoted. He made this statement in connection with the Lucknow Pact:

"Lalaji referred to the Lucknow Pact of 1916 and said the Muhammadan leaders at that time thought that they were Muhammadans first and Indians afterwards. He did not say whether they were wrong or right but he believed that the Hindu leaders in accepting the Pact made a great political blunder. The Muhammadan leaders believed that separate representation on communal lines was necessary for their protection as a minority community but Hindu leaders by accepting communal representation introduced a poisonous element into the relations between the two communities."

After that he said the words which I just quoted; the meanings now become clear. What was the Lucknow Pact? By the Lucknow Pact a few more seats on the Councils in certain Provinces were given to Mussulmans than they would have got according to their numerical strength; so what Lalaji means is that if Swaraj means the giving of more seats in the Councils or some other rights to Mussulmans he did not like Swaraj of that sort.

**Lala Lajpat Rai:** I never said that.

**Maulvi Muhammad Yakub:** Well, whatever it may be, my point is this, that a majority community whose population is nearly four times as large as that of the Mussulmans, which financially is even more progressive than the poor Mussulmans, and in the matter of modern education is also ahead of the Mussulmans—if such a majority community is so anxious about the protection of its rights the poor Mussulmans, who are in a minority in numerical strength, in wealth and education, if they are solicitous for the protection of their rights and interests cannot be blamed. So, Sir, what we want is this: we are quite at one that we want speedy Swaraj and responsible government in India, but subject to the protection and subject to the security of our own rights and interests.

Now I do not propose to make a long speech but I want to tell the House what our demands are and perhaps they will satisfy my Honourable friend the representative of the Labour Party.

**Mr. N. M. Joshi:** I am satisfied with the constitution given in Turkey.

**Maulvi Muhammad Yakub:** We do not want anything more, but why not place us in the same condition in which the non-Mussalmans are placed in Turkey.

**Lala Lajpat Rai:** We are prepared to share everything with you.

**Maulvi Muhammad Yakub:** I am thankful to you. There will be no difficulty then and we will march together on the road to Swaraj!

Now, what are our conditions? The fundamental principles of our demands were fully expressed in a resolution of the All-India Moslem League which was passed at a special session in Lahore held in May, 1924. This was confirmed at the annual session of the League in December of that year and again it was reaffirmed at the next session in 1925 at Aligarh and again in December last here at Delhi we reaffirmed the same resolution which contains our full demands. With your permission, Sir, I would like to give that resolution to you *in extenso*:

“That the All-India Moslem League has repeatedly defined its position with regard to real advance in the future constitution of India in its session in 1924 and 1925 and reaffirms the resolution passed at its session at Aligarh in 1925 to the following effect, namely:

That whereas the speedy attainment of full responsible government is one of the declared objects of the League it is now generally felt and recognised that the conception of Swaraj should be translated into the realm of practical politics; and whereas it is the declared policy of the British Government also to enable the people of India to take a decisive part in the moulding of their own destinies, which is marked by the declaration of August 1917 and the enactment of 1919, which form a definite epoch in the history of India as a herald of the time when India may possess full autonomy and will rank as an equal with the Dominions and with the United Kingdom itself as a member of the British Commonwealth;

The All-India Moslem League is of opinion that the present constitution of India must be amended and urges for this purpose the Government to undertake a revision of the Government of India Act, 1919, and without any delay appoint a commission to formulate after due inquiry and investigation a scheme so as to place the Indian constitution on a sound and permanent basis, with provisions for automatic progress to establish full responsible government for India and thereby secure stability in the government and the willing co-operation of the people.”

Now, you will find that this portion of the resolution is identical or nearly identical with the resolution which was proposed by the Honourable Leader of the Swaraj Party in this House in 1925. Next we come to the provisos:

“Provided, however, that for any scheme of future constitution for India, the All-India Moslem League reaffirms and unequivocally declares that the following basic and fundamental principles be secured and guaranteed:

- (1) all legislatures of the country and other political bodies shall be constituted on the definite principle of adequate and effective representation of minorities in every province, without reducing the majority in any province to a minority or even to equality;
- (2) the representation of communal groups shall continue to be by means of separate electorates as at present provided, but it shall be open to any community at any time to abandon this separate electorate in favour of joint electorates.”

[Maulvi Muhammad Yakub.]

We do not want this separate electorate for ever. When we find that mutual confidence is gained we can do away with it at any time the people of any particular province want it.

"(3) any territorial redistribution that might at any time be necessary shall not in any way affect the Moslem majority in the Punjab, Bengal and North West Frontier Province;"

—the province of my Honourable friend, Nawab Sir Abdul Qaiyum in which I am as anxious to see the introduction of Reforms as in any other province in the country.

"(4) full religious liberty, that is, liberty of belief, worship, observances, propaganda, association and education shall be guaranteed to all communities;

(5) no Bill or Resolution or any part thereof shall be passed in any Legislature or in any other elected body if three-fourths of the members of any community in that particular body oppose such Bill or Resolution or part thereof on the ground that it would be injurious to the interests of that community or in the alternative such other method is devised as may be found feasible and practicable to deal with such cases."

**Mr. K. Ahmed:** What about music before mosques?

**Maulvi Muhammad Yakub:** Sir, I wish my learned friend had not put this question to me; but certainly I think I can say openly in this House that it is not a religious matter. I challenge my Honourable friend to show me from any book of Muslim theology any passage to the effect that music before mosque is forbidden according to the Muslim religion. (Hear, hear.) In fact the theory of the Muslim religion is that you should not interfere with any one offering prayers: no Muslim should interfere when a man of any other community is offering his prayers and no Hindu should interfere and molest a Muslim when he is offering his prayers. But if the interference is intentional . . . .

**Mr. K. Ahmed:** Therefore it is not religious?

**Maulvi Muhammad Yakub:** It is not religious; I say again, it is not.

**Maulvi A. H. Natiq** (Central Provinces: Muhammadan): What will you do if others be thinking it to be the first step of their own Swaraj?

**Maulvi Muhammad Yakub:** I will say this, Sir: if anybody intentionally with the set purpose of insulting any religion or with the definite purpose of molesting the prayers of any other religion plays music or does anything else whatever it may be, then I consider it criminal and it ought to be stopped and it ought to be punished—disturbances of whatever kind it may be. About this thorny question, the only thing is that we do not want anybody to stand before a mosque simply in order to annoy and disturb those who are at prayer in the mosque. If such a thing is done it is certainly criminal and it ought to be objected to according to every religion. But apart from this, I challenge any Mussalman to show me from any Islamic book if there is anything that says that playing music by non-Muslims before mosques is to be stopped. Certainly in a country like India where people of different religions and different races are living, they are not to be bound by your law. How can you enforce the Islamic law in a country where the Muslims are not the rulers? You go to the Fatehpuri mosque and you find that trams pass the building the whole day long, when prayer is going on. Probably the noise affects our prayers as much as any music does, but of course because it is not done with the

set purpose of interfering with our prayers we do not object to it. But certainly if anybody with the set purpose of insulting Muslims or interfering with or molesting them in their prayers plays music, we will object to it and it would be irreligious, it would be criminal; it would be anything.

**Mr. K. Ahmed:** What about Shariat and the quotation from the Koran (verses of chapter XVII)?

**Maulvi Muhammad Yakub:** I challenge my friend to give a single quotation from the Koran to the contrary: I doubt whether he has read the Koran even once in his life. (Laughter.) Well, if he cannot do so, it is an insult to the Koran that the Koran should be called in by a man who has himself never read it in his whole life.

**Mr. K. Ahmed:** Never mind. It does not matter whether I have read it or not; I am not speaking now.

**Maulvi Muhammad Yakub:** What shall I cite from the Koran? If there were in the Koran anything which prohibited music by non-Muslim before mosques I would have cited it; but when there is nothing, what shall I cite?

**Maulvi A. H. Natiq:** But if it is with a view to press you on this point and to gain something more difficult from you, then what will you say?

**Maulvi Muhammad Yakub:** I do not understand what that means. These are my demands. If they are acceded to, if they are given. I am willing to co-operate. If they refuse them, then of course I regret to say we will have to put it away till such time as the atmosphere is clear and confidence is restored between the two communities.

**Raja Ghazanfar Ali Khan** (North Punjab: Muhammadan): You do not want a Royal Commission before that?

**Maulvi Muhammad Yakub:** It is not in my hands, because under the Government of India Act, the Royal Commission must come in 1929, if not earlier. It is useless for me to say whether I want a Royal Commission or not. And in order to take practical shape the resolution does not stop there and we have done something more and it is this:

“And the League hereby appoints a committee of the following gentlemen as the Central Committee in order to formulate a scheme so far as possible in consultation with the committee or committees that may be appointed by other political organizations and to report the same to the Council of the League for the consideration of the League and for submission before the Royal Commission when it is appointed.”

Therefore, Sir, as practical men, we want that something substantial must be done. We do not want to come in the way of the progress of the country; we want that we should join our heads; we have appointed a committee and we have thrown out an invitation to the other communities in India and we say to them “Join with us and . . . .”

**Raja Ghazanfar Ali Khan:** When was this committee appointed?

**Maulvi Muhammad Yakub:** In December last. This committee was appointed in December, 1926, at Delhi, the capital of India.

**Raja Ghazanfar Ali Khan:** Was any such committee appointed at Lahore two years back by the Muslim League for the same purpose?

**Maulvi Muhammad Yakub:** A committee was appointed in Lahore also and we sent an invitation on behalf of that committee to the secretary of the Congress; we requested them to appoint a committee of their own and consult with the Mussalmans for the formation of a scheme of constitution; but of course we received a very disappointing reply and there was no response to that invitation. But now that the time for the coming of the Royal Commission was near at hand we thought it would be quite shameful for the people of India if in 1929, when the Royal Commission comes, we are not united among ourselves. One party puts up one scheme and the other party puts up another scheme. It will be really shameful if we do that and it will show our incapacity to have responsible government in this country. Therefore, we thought that this was the proper time. The iron was hot and it was time that men of different communities and different schools of thought should unite and prepare a scheme of constitution for the country which would be acceptable to all the parties concerned. Here is an invitation on the floor of this House. I again extend this invitation to all parties in this House and to members of all communities and I request them, if they are earnest in their desire to have self-government in this country, and not merely to show to the world that we want Swaraj, they should work like responsible men. It is no use saying that the demands of the Mussulmans are exorbitant. That will not do. You must come with open minds and clean slates. Meet in a round table conference and prepare a constitution which would be acceptable to all. Like respectable men we would be in a position to say to the world "Here is our scheme of responsible government on which we are all united". This is the position. I considered it necessary to make clear the position of Mussulmans when there is a Resolution before the House about constitutional reform. I associate myself with the amendment proposed by my friend Mr. Jayakar subject to the conditions laid down in the League Resolution.

**Lala Lajpat Rai:** When I originally sent my motion for this cut I had no idea that this question—that of Hindu-Muslim differences—would be raised on the floor of the House and I had practically given up any idea of making any speech to-day, because of the atmosphere of unreality and mockery that has been prevailing here for the last few days, both on the debates on the Railway Budget and the General Budget. I do not consider this House to be a really Parliamentary institution or a representative Assembly. The remarks of the Honourable the Finance Member and the remarks of my Honourable friend the Deputy President have, however, forced me to make a few observations on the proposition before you.

**Maulvi Muhammad Yakub:** I have spoken as a Member of the Assembly and not as Deputy President.

**Lala Lajpat Rai:** I did not mean to convey any insinuation. I am not in any way hostile to what the Honourable Member said.  
 4 P.M. On the contrary I congratulate him on the spirit in which he has spoken. So far as the safeguards which the Turkish Government have granted to national non-Muslim Turks are concerned, if he wants those safeguards I think there is not one man on this side who will object to any portion of them being granted and consolidated in any future constitution of India. But I go beyond that. I think, he as a Muhammadan and other Muhammadan leaders are absolutely justified in being everything they can to protect the interests of their community, regardless



of the fact that they are in a majority or in a minority. I ascribe no bad motives to them. They are absolutely justified in doing all that they think proper and necessary to do to safeguard the interests of the Muslim community in this country. At the same time I want to tell him that I want to do the same for my community, that is the Hindu community. I want to make it absolutely clear that I do not want a Hindu Raj in this country, but at the same time I do not want a Muhammadan Raj also. I want an Indian Raj and therefore I am quite prepared to accept any scheme which will lead to the evolution of an as Indian Raj. We have to hang our heads in shame when we are told that all the humiliations we are subjected to, and all the disabilities of which we are victims are mostly if not entirely due to the prevailing Hindu-Muhammadan differences. We cannot remove them immediately by the shaking of a magic wand. We have to settle them by a system of evolution or development. I consider those people who say outside or anywhere that they want a Hindu Raj or a Muhammadan Raj to be nothing but lunatics. There is no possibility of a Hindu Raj or a Muhammadan Raj being re-established in this country. The time for that is gone. No man can think of that possibility in his moments of sanity. We have to live in this country for all time to come. None of us is going to leave the country. Both of us have got to live together. Therefore we must evolve a scheme by which we can live as friends. At the same time I should be failing in my duty and I will not be faithful to the cause of truth if I refrained from saying that in my judgment what I said at the Bihar Conference was absolutely true—that the whole responsibility for this increase of tension between Hindus and Muhammadans falls on the Lucknow Pact and the scheme of communal representation settled by that Pact. I have no hesitation in saying that the Lucknow Pact was arrived at by both parties in absolute good faith. I do not impugn the good faith of those who were parties to it, but it was a short-sighted policy and that short-sighted policy has brought us to the impasse in which we find ourselves to-day. How to change it and how to get out of it, is a different thing. Now, my learned friend has read to you, Sir, certain Resolutions of the All-India Muslim League. There are certain parts of it to which I object, but I do not object at all to the demand that the minority should have adequate protection against the majority. The Hindus and Sikhs in the Punjab, and the Hindus in some other provinces have as much right to expect safeguards as the Mussulmans have in those provinces where they are in a minority.

**Maulvi Muhammad Yakub:** We are quite ready to give this protection.

**Lala Lajpat Rai:** It is very kind of you. It is a question of right. It is a question of our future development. Without this we cannot possibly proceed further to the goal which we all desire. So I have absolutely no objection to that part of my Honourable friend's demand. It is a question of the terms in which those safeguards have to be provided. The safeguards must be such as are likely to lead to the goal we have in view. We have to find out such safeguards as will be consistent with our evolution as a nation which will help the process of nation-making and not retard it. The matter can be considered in some other place and by some other method than by an acrimonious discussion on the floor of this House; perhaps by the method suggested by Maulvi Muhammad Yakub. We have discussed that question with Mr. Jinnah and we hope to discuss it again. It is unfortunate that we have not yet arrived at a decision, but we may arrive at it at any time hereafter. But even if we do not, I do not think

[Lala Lajpat Rai.]

that fact should embitter our relations. I am really grateful to Maulvi Muhammad Yakub for bringing up the question of music before mosques. I am at one with him that the man who plays music before a mosque with the intention of disturbing the prayer of the Muhammadans who are engaged at that time in devotion and meditation is not only a lunatic but a criminal, and therefore he ought to be punished. But I must tell my friend that people have played music before mosques in the performance of their religious duties and in connection with religious and other processions from time immemorial, and if there is absolutely no idea in the minds of any one to deliberately disturb the men engaged in prayer, Muhammadans should not attack those processions and those men. Why are the attacks being delivered on processions which are passing at times when no prayer is going on? To come out and attack such processions and those religious people who are going by, is also criminal and must be stopped. I wish the Government would evolve a scheme, or that my friend would help in evolving a scheme which would delete both these possibilities, so as to enable parties to move in peace and tranquility in the performance of their religious rites, or for the matter of that in the pursuance of any other legitimate activity. We have absolutely no desire to disturb or interfere or encroach upon anybody's religious rights or any rights whatsoever. Having said this much, I must say one word with regard to the extracts which my Honourable friend Maulvi Muhammad Yakub read from my speech at the Bihar Conference. That speech was delivered in vernacular, and I never gave out any translation in English. These extracts are in English. But still there is not one word in those paragraphs which have been read by my Honourable friend which I would take back. I was there discussing the question of what price we have to pay for nationhood and what my opinion was of the Lucknow Pact. I am still prepared to repeat every word of what I said there. At any rate I would not take back even one word from what I said about the Pact. I only desired to explain my position in the few observations that I have made.

Now, Sir, on this question of the resolutions passed by the Muslim League, I wish my friend had not brought them exactly in the form in which he has on the floor of this House. Because after all from what he said it is clear they are only provisional and subject to alteration, and there are certain portions of them which would make the whole scheme of representative Legislatures absolutely unworkable. For example; the limitation imposed that whenever three-fourths of the members of a particular community declare that any particular measure of legislation should not be undertaken, it ought to be dropped. I submit that any Legislature would become unworkable if that condition exists. It may be said that that condition was attached to the Lucknow Pact and that it has also been suggested in other places. But how can our purpose be achieved by methods, which will make the practical operation of our Legislatures impossible or extremely difficult. I cannot therefore accept that exact form, though I am perfectly prepared to accept the sentiment which underlies it and generally to join in finding a solution.

Now, Sir, after I have said what I wanted to with regard to this question of communal representation, I want to make a few observations in relation to the general proposition under consideration. The Honourable the Finance Member read to us a sermon on the virtues of hope, faith, love and charity. Well, Sir, I wish I could say that the Government of this country was

inspired by those noble sentiments which my friend the Honourable the Finance Member gave expression to on the floor of this House to-day. So far as faith and hope are concerned, Sir, we should not be here if we had no faith in our future. I may at once say that we have no faith in the British Government as it is constituted at present. I have no faith because I know what human nature is. But we have faith—perhaps not so much in ourselves as otherwise we should not be pleading our cause in these humble tones: we should be doing something else—but I have faith in that eternal Providence which is the dispenser of justice and which eventually sets human affairs right. I feel that we have deserved what we are suffering—we deserve it to-day. But as soon as we have rectified our errors, as soon as the cup is full of the iniquities of the other side—it is perhaps not yet full—that great dispenser of justice will do justice and will enforce justice, even against the will of my friends on the other side. Now I do not want to criticise my Honourable friends on the other side individually. I am prepared to assume that individually every Englishman and every other man on the opposite Benches is inspired by love and charity and justice. We are not criticising individual Englishmen here. We are not attacking those gentlemen on the other side as individual members of the English race. We are criticising, and we are finding fault with, a machine, a soulless machine. I repeat on the floor of this House that the Government of India is an absolutely soulless machine. It is not inspired by any faith or charity. A machine can have no faith nor any feelings of charity. It knows only to grind and it grinds mercilessly. Faith and charity forsooth! When the gentlemen on those Benches, on behalf of the Government of India, justify a living wage of nine or ten rupees a month while they themselves draw from six to eight thousand rupees a month! Faith and love, indeed! When we talk of Indianization, they say that we are not fit to fight for the defence of our country, that we cannot produce candidates for the Railway Department; and yet they deny us deliberately by their policy any facilities by which we may learn to defend the country; facilities even to produce such small people as mechanics. And yet they ask us to judge them with charity and love! That is the old, old habit of the multi-millionaire, who, in possession of all the goods of this world, preaches to the poor labourer in his factories, contentment by faith, and love and charity. “Wait,” he says, “and you shall have everything in time”. That is the kind of sermon that is being read to us. We know what that sermon means. We know that every inch of ground we want to recover is being fought by vested interests. Whenever a demand is made by this side of the House to take away from, or interfere with, those vested interests they are up in arms. Sir, we are engaged in a struggle. There is absolutely nothing like love, nothing like faith, nothing like charity, in international relations to-day. How can these gentlemen here love us and deal charitably with us, if they cannot deal charitably with their own people in Europe? They cannot deal justly with their own people there. Otherwise there would be no such bloody wars and no such bloody diplomacy and all these crooked pourparlers. There would be no need for all that. Their conduct shows that there is no love, no charity in international affairs. Nations are all soulless entities, and those soulless entities are inspired neither by love nor by charity, but by interests. Sir, it does not please us on this side to call the motives of the other side in question: there is no need of calling anybody’s motives in question. What we call into question are their interests and what we plead for are our interests. We put forward our interests and they put

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forward their interests, and wherever these two clash, we differ. There is no question of motives. The question is one of the interests of one side against the interests of the other. Sir, we are very unfortunately situated. We have no armies to back our demands. We have no navies to back our demands. We have no aeroplanes or airships to back our demands. Sir, one of my friends, Colonel Crawford, praised my Party for what they did about civil aviation. Sir, I may frankly tell him that in my judgment they, the members of my Party, were absolutely wrong to presume that they were going to get anything in the shape of tangible assurances from the other side in the matter of civil aviation. The other side is too clever for us. (Laughter.) Absolutely. We are not children in politics, but we are children in diplomacy. We are often taken in by them. Why every statement which they make, every assurance that they give on the floor of this House, is hemmed in by such conditions and is couched in such language as to give them every facility and opportunity to get out of it at the earliest possible opportunity. May I remind the Honourable the Finance Member in this connection of the promise which this side of the House says he made in regard to the appointment of an Indian to the Railway Board. He has said he never made a promise, and this side says he made it. Obviously either they are wrong or he is wrong. But in my opinion both are right. He is correct because he was very careful to choose his language in order to leave a loophole when the question came up for decision. They on their side are convinced that they had extracted a promise from him which was unconditional and which he has failed to fulfil. Sir, it is all a game of words, more befitting a children's club than a Parliament. But perhaps Parliaments in these days are nothing more than children's associations to play with words. Sir, I submit that we are not being fairly dealt with. One of my friends on this side said, just a little while ago, that this House was a sham. Well, Sir, it may not be a sham but it is certainly a mockery, a mockery of a Parliamentary legislature. A Legislature which has no force behind it, which has no sanction behind it to enforce its will; what is this Legislature? It is like a debating club for school-boys where subjects are debated upon and Members are asked to vote upon them, with no effect on actual politics. Sir, we notice day after day that our case is lost by a manipulation of votes. How do we lose? Do we lose by the votes of a majority of the elected representatives of the people? No! The Government is very careful: out of a total of 148 which constitute this House they have got 40 votes in their pockets, and we on this side start with a handicap. I make no insinuation against the nominated Members. Several of them are absolutely honest men (Laughter.) I ascribe no motives to them; but can any Member of the Government deny that when they are making nominations, they choose their people with great care as to who will vote for them. (An Honourable Member: "Can't they do that?") Very well, they have an absolute right from their own point of view; I am not blaming them. I am simply stating the fact here. This Assembly is supposed to be composed of the representatives of the people of this country. Well let us see how many of the members here can claim to be representative through being elected? Those people can only represent who are elected. Persons nominated by the Government represent no one but the Government or at best themselves. Some of them may have a clear conscience. There are nominated Members who have a great regard for their conscience and they come with a certain laudable object to fulfil. Be it as it may, my point is that by virtue of these

nominations, the Government start with 40 sure votes in their pocket. Yesterday's voting showed that they got 68 votes. Deduct 39 or 40, and how many remain? 28 or 29. And yet they have won. If the elected portion of the House were alone taken into account, they won practically by 28 or 29 votes against 65. That is the net result. No really representative Assembly would allow itself to be nullified in this way by the Executive. But the Government here is all-powerful. Look at the list of votable and non-votable items. If we cut out some of these votable items, we make ourselves ridiculous. I will explain in one sentence what I mean. So far as the Executive Council is concerned, the Honourable Members who draw Rs. 6,666 a month and all their allowances, perquisites, etc., are safe. The salaries of a few poor menials or other establishment or their touring expenses, are open to the vote of this House and if we cut them out, what do we do? We injure our own countrymen. The same is the case with the other Departments also. If we refuse their touring expenses, what will the world say?—that we have swallowed the camel, while we strain at the gnat. Out of a Demand for over 5 lakhs, we are required to vote for Rs. 60,000, required for very small and inconsequential expenses. This is not confined to this Demand only, but this is true with regard to most of the other Demands also. So what is this? I am bound to say that this constitution has been designed deliberately to make us look ludicrous in the eyes of the world and also in our own eyes. I know, Sir, that the British have not come to this country for the sake of charity. I grant that the gentlemen on the opposite Benches are here for the purpose of protecting the interests of their country, of their nation, of their people, and I do not resent it. I only want that people who have taken forcible possession of other people's country and who are exploiting them should not talk of love, of charity and of faith. Sir, I know, that there is something in the atmosphere of India which affects the consciences of persons who come here. The other day I was astounded to find a Minister of the Christian religion, a follower of Jesus, saying that Rs. 9 was a good living wage for Madras railway men because the other Indian employers in that Presidency paid the same amount.

**The Revd. Dr. E. M. Macphail** (Madras: European): May I ask the Honourable Member to repeat his statement, as I could not hear him?

**Lala Lajpat Rai**: I was saying that there was a follower of Jesus, a minister of the Christian religion, who justified the pay of Rs. 9 and Rs. 10 for the Indian railway servant on the ground of supply and demand. Am I wrong? I submit that it is an irony of fate, that a minister who professes to preach the Christian religion should be defending a wage of Rs. 9 or Rs. 10 on the floor of this House on the doctrine of demand and supply. (*An Honourable Member*: "Universal Christianity.") But, Sir, we are placed in a very unfortunate position, and the question is, how to get out of this? There is no use giving threats. We are not in a position to execute any threats. There is no use of bluffing also, because that will not do. So we must take facts as they are. The facts are that the other side have got the army, they have got the navy, they have got that "monster", law and order, at their backs. They have got everything at their backs to enforce their demands, and we are here put into a position to make ourselves ridiculous. I am of opinion, Sir, in spite of the dictum of the Honourable the Finance Member, that the new constitution has made our position much worse than what it was before. I will explain how. Before this Assembly was constituted, the Government of India

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was wholly responsible to themselves, to the British nation, to the Indian people and to the world at large for all they did. If they did wrong, they did it on their own responsibility. If they did right, they had it to their credit. But now what do they do? They manipulate the votes of the Assembly and get a majority in favour of their schemes; and then they assert that they have the sanction of the mock of a Parliament for their measures. Can anybody justly maintain that out of an elected House of 100 members (the elected representatives of this vast country), 28 or 30 votes represent the opinion of the country and the others do not? Yet the verdict goes forth that this Assembly has rejected 1s. 4d. and accepted 1s. 6d. as the ratio. Why, it was easy for the Government, with the help of the 28 elected votes, to enforce 1s. 6d.? Such is the constitution of this House for which we are asked to be grateful. In my opinion, Sir, the Government would be well advised, if they are absolutely sincere in their desire, to train us for self-government, as they say—of course nobody trains anybody for self-government, and nobody can train anybody for self-government; but taking them at their word,—if they are absolutely sincere in their desire, let them confine us to a few things but let them give us power, real power as regards those few things. We are perfectly prepared to enter into negotiations with them. Let them keep their army, if they mistrust us. Somebody said it was the distrust of the representatives of the people that made the British Government keep us out of the army. No it is the mistrust of the people themselves. A foreign Government cannot trust the people over whom it rules. It is not in the nature of things. The people of this country are equally justified in mistrusting their foreign rules. But, now, that the latter realize that we have become a little self-conscious, that we want to assert our rights, and that the Government of the country cannot be carried on without giving us a share, they want to placate us. Well, then, let us enter into negotiations and make a bargain. I can understand their wishing to take such precautions in making the bargain as to ensure that their vested interests may not be in jeopardy. They want to secure that at least for some time to come, they may be absolutely safe. I for one would be prepared to enter into negotiations with the object of arriving at such a bargain. It was with that object that the Assembly in 1924 and my Honourable friend, Pandit Motilal Nehru, proposed a round table conference. The object at the bottom was really to enter into such negotiations, and even the object of the second Resolution passed in September, 1925, was exactly the same, but the Government would have nothing to do with it. The Government are quite safe, as these fools, Hindus and Muhammadans, are always fighting with each other and cutting each other's throats. That gives an opportunity to the gentlemen opposite to say that they are the people to decide at what rate and by what stages we should proceed to self-government. I do not think that self-government will come even after 100 or 200 years at this pace, and under this constitution. But, Sir, sometimes desperate men take desperate measures, and I want to join in the warning given by Mr. Jayakar without the least possible intention of using any threat or making any bluff that the time may come, if this thing goes on, when the Indian people, not only youths, not only misguided youths who are at present held responsible for certain deeds, but even grown-up people, men with a stake in the country, may be simply forced to desperate measures in a condition of absolute despair. Sir, I will frankly admit that we are

not in a position to enforce our demands at present. We are practically at the mercy of the Government. But, we may not be at their mercy always. There is a Providence, a power, which fashions the destinies of human beings, and that Providence might will otherwise. A time might come when they may need our help, when their own Empire and their own country may be in danger. It is not impossible. Let them not be intoxicated by the power of their existing army and navy. Let them trust us a little, at least a little, if not altogether. Let them take us into their confidence. As friends we shall be their strength; as enemies we shall be a curse and a source of weakness. Therefore I beg of them in all humility, in all earnestness, to take these things seriously into their consideration. I do not plead, Sir, that the Statutory Commission should come at once, this year or the next year. The time for that demand is gone. We made our appeals and requests in that behalf in the past. They have all gone in vain. There is absolutely no use in making those requests again. All the same we cannot let this opportunity go by without recording our emphatic protest against the system of government which prevails in this country, which we consider is as irresponsible, as arbitrary, as autocratic, as cruel, as a machine and which has in no way improved the relations of the rulers and the ruled in this country. I therefore beg of my friends to take it very seriously. On this side of the House we are open to negotiation. We know our interests; we are not fools. We know we have no power; we know what our resources are. We know that at present, we have really none. We recognise that and we are prepared to enter into negotiations for the purpose of making a settlement which may be binding at least for a number of years between Hindus and Muhammadans on the one hand and between the rulers and the ruled on the other for the future government of this country, a settlement which may be based on terms of mutual respect and mutual confidence. Then and then only we shall be in a position to appeal to each other in the name of faith and love and hope and charity.

**Mr. M. Ruthnaswamy** (Nominated: Indian Christians): Mr. President, if the object of Mr. Jayakar in moving his motion was to advance the view that the time for the revision of the present constitution had arrived, I wish he had worded it in a form which would be more acceptable to people who sympathise with the views which he has expressed but would not be able to vote with him on account of the form of his amendment. If he had put down a token motion and appealed to the House to vote for his motion, I for one would have had the greatest pleasure in walking into his lobby. The generously worded speech and the large measure of political progress which he demanded in that speech, make it look as if it were a repetition of the national demand which has been made on the floor of this House on more than one occasion. Apart from the view that a national demand cannot bear repetition, for a great nation and repeated demands go ill together, it may be doubted whether this House is the proper forum for the demand of greater political advance. If this House were a Convention or a constituent Assembly and not a subordinate Parliament that it is under the present constitution, these demands for greater political advance would be certainly in place. Moreover, Sir, it may also be doubted whether the conditions, social and general, that would justify a more rapid political progress are in existence at the present moment in this country. National unity, national sanctions, not only in the form of physical force that would enforce our demands, a national civil service, which would

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execute the behests of the Legislature, all these things seem to be conditions precedent to any demand for that large measure of self-government which has been advanced on the floor of this House this evening.

**Mr. O. S. Ranga Iyer:** Does the Honourable Member want a parallel Government?

**Mr. M. Ruthnaswamy:** It is not for me to advise Honourable Members opposite as to the methods that they should adopt outside the House. They are well able to take care of themselves as regards the methods they would use for the political progress of this country. The history of self-government, not only all over the world, but especially in Europe and in England, is strewn with the ruins of premature constitutionalism, of a constitutionalism which was imposed on the country before the condition precedent of national unity had been achieved. Even the history of England furnishes us with that example of premature constitutionalism which played havoc with the progress and even imperilled the national unity of England towards the end of the middle ages. And when I speak of the force of a national sanction that would maintain whatever measure of Swaraj will be obtained for the country, I speak not only of physical force but of the force of public opinion which must be behind every demand that is put forward in the name of the nation. I cannot help thinking that the public opinion that exists in this country at present is an urban opinion and not the opinion that would be backed by the vast mass of villagers which form really the bulk of the population of this country. (*Some Honourable Members:* "Question?") Now, my insistence upon these conditions precedent for the grant of a large measure of self-government must not be construed as if I was in perfect sympathy and in love with the present constitution as it exists. Defects there are in the present constitution, as they have been pointed out by more than one speaker. In the Provincial Governments, although a certain measure of responsible self-government has been granted, I do not think that even within the limits of that responsible self-government, the self-government is thorough or the responsibility complete. For, without a Civil Service over which the Ministers have control and without a purse over which they have full control, I cannot believe that full provincial self-government or even provincial self-government to the extent to which it has been granted has been realised in the provinces. And when I turn to the Central Government also, I find one great defect in it. Although my experience of the Central Legislature is only of short duration, I have been depressed by the atmosphere of unreality in which we seem to be working in this House. (*Honourable Members on the Swarajist Benches:* "Hear, hear.") Resolution after Resolution is carried by the representatives of the people, Government cheerfully anticipating the decision and the House as cheerfully repeating its decisions. Now, this atmosphere of unreality cannot long continue. It is demoralising both to the Legislature and to the Executive. A great Australian Governor, Sir George Bowen, once remarked that to grant representative institutions and to deny responsible government is like lighting a fire and stopping the chimney.

The irresponsibility of the popular representatives of this House is to be attributed to the fact that they are not faced by the contingency of having to carry on the government of the country if the Government refused to abide by the decisions of the popular majority. If Pandit Motilal Nehru or Sir Purshottamdas Thakurdas were an alternative to Sir



Alexander Muddiman or Sir Basil Blackett I think that many of the extreme decisions to which the popular majority of this House has arrived at would not have been reached. While, Sir, I believe that the defects of the present constitution are great and serious, I do not at the same time demand that our political progress should outrun our social progress. Our social organisation, especially that organisation of national unity which is absolutely necessary to secure whatever political progress we may achieve. It is quite possible that in the atmosphere of pale blue funk in which most modern Governments find themselves, the British Government may grant us a large measure of Swaraj, may grant us complete Swaraj, provided the agitation were universal and persistent. But have you got the machinery, the national army that is necessary to guard that Swaraj against all comers? Until these conditions precedent are realised, I think the demand for that large measure of self-Government which has been put forward to-day must be considered to be out of due time.

If I pass from the attitude of the popular majority to that of the Government of India, I cannot congratulate the Government on exhibiting a more satisfactory attitude. The attitude of the Government of India to the people entrusted to their care has been described in various phrases. At one time it was popular to describe British rule as a trusteeship. At another time the attitude of English statesmen towards India was described as a change in the angle of vision. Yet another time, and this came from the popular side, a demand was made for a change of heart amongst our rulers. The attitude that was described by the word "trusteeship" is not one that completely describes the attitude of the people entrusted with the business of governing a foreign race. Trusteeship, as I understand it, has more to do with the development of the property entrusted to the trustee than the education of the ward, and from that standpoint of trusteeship I dare say at the bar of history the British Government will stand justified and that the verdict of history will be in its favour. As for the view that all that is required in the British attitude towards India is a change in the angle of vision, I am afraid that this change may be only a physical change. You may change the angle of vision and the result may be that you may look squint-eyed at all the facts presented to you. As for the appeal for a change of heart I hardly think that such an appeal should be addressed to a Government, because a Government is a corporation, and as all men know, a corporation is a thing which has neither a body to kick nor a soul to save. I rather prefer to describe the right attitude of the British Government towards India by asking for a change in the whole philosophy of its attitude towards the people. The British must look upon the people of India as people who have been put in their charge for their political education, and here, Sir, if I may strike a personal note, it seems to me that the art of the teacher has much to teach the governors and rulers of the world. The true teacher is not one who tries to find out how little his pupil knows, but tries to draw out the best in the pupil's mind, and looks on his pupil as an elder brother would look on a younger and who has had the opportunities which the younger brother has not had, and tries his best to share those advantages which he possesses, honestly and completely, with him. If the British rulers would only change their own political philosophy and look upon themselves not as the defenders of a fortress of privileges and rights but as people who are set in their places to train the people of India on the path towards complete self-government, then I think we should secure that change in the relationship of the two peoples which is so necessary for the progress and prosperity and liberty of

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this country. I would ask the British not to act as their Governments acted in England towards the people who were clamouring for liberties and rights, as the constitutional history of that country teaches us. The Government of the day, the aristocracy as it was, in the eighteenth century, looked upon itself as the defenders of a fortress of privileges and rights, and they would grant greater liberties and rights only at the point of an extremely popular and universal agitation. That is the attitude with which I cannot help thinking the Government of India has viewed every demand for greater extension of political rights and privileges. That attitude was all very well in a country where the governed and the governor belonged to one race and to one community. It is utterly dangerous in a country like this where the people governed and the governors are separated from each other by profound differences of race, religion and origin. The British rulers must anticipate progress, must do those things which are necessary for the securing and safeguarding of whatever political progress may be asked for by the people. While the representatives of the people are busy with building the superstructure of a free and progressive India, the British on the other hand must busy themselves with strengthening the foundations for that liberty and self-government which I hope will be secured to India in the near future. I shall mention two ways in which the British might improve their attitude towards the people. Take the question of nationalising the army of India. This project of nationalising the army of India should have been begun long before a national demand for it was made. It should have been done almost immediately after the assumption of the responsibility for the Government of India by the Crown. But, unfortunately, the British were obsessed by the memory of the Sepoy Mutiny, forgetting that the Sepoy Mutiny was only a military mutiny and was not a national insurrection, forgetting also that the Sepoy Mutiny was due largely to the blunders made by a Government which pampered the so-called Bengal Army of those days and brought its troubles solely and surely upon itself. In regard to this question of organising a national citizen army the Government should be much more sincere and also much more thorough than it has been in the methods it uses for the military education of the people. They should not say to themselves, how little shall we give consistently with our security in this country, but how much should we give consistently with the true political and military education of the people. So, also, Sir, in regard to the project for the organisation of a national navy. It is not enough for the Government to provide so much money for the building of a national navy. It must advertise the establishment of the opportunities for the building up of a national navy. It must look out for people, for the youth who would be able to take advantage of these opportunities that are being offered. I think, Sir, it is only by altering its attitude towards the military, the naval and the general political education of the people that that atmosphere of peace and confidence which is necessary for all political advance can be ensured.

This debate, Sir, has been raised with a view to declaring the mind of this House on the question whether the time has not arrived for a revision of the constitution. I personally think the time has arrived, if only to remove those outstanding and permanent defects in the working of the constitution of the Central Government and of the Provincial Governments which I pointed out a little while ago. The request has been put forward that the Statutory Commission, which ought to arrive, according to the

Act, in 1929, might arrive two or three years earlier. In this connection I should like to deal with a very mischievous suggestion that has been put forward in certain English papers in this country. The idea was that the Statutory Commission should be composed of people who would, as far as possible, be not Indians and who would, at any rate sit in judgment upon the political capacity of the people of India for self-government. Now I submit, Sir, that is exactly the attitude with which the Statutory Commission should not come to this country. (Hear, hear.) It is not to see how far the people of India, as they are at present, are fit for a larger measure of self-government, but to devise ways and means for fitting and training the people of India so that they can be entrusted with full responsible government as early as possible. The Statutory Commission, whenever it comes, ought to be imbued with this idea of devising ways and means for the political education of the people—a national organisation of the army and navy—the organisation of national unity, the organisation of all those conditions which are precedent to any large advance in self-government. The Statutory Commission must be imbued with the object of devising methods of training Indians for full responsible government in as short a time as possible, and certainly not to see how far or how little Indians have politically advanced in the years between the inauguration of the Reforms and now. Sir, I will close my speech by reminding the Government Benches of a saying of one of their heroes, the famous Robert Clive, who laid the foundations of British rule in this country. He said, speaking of the situation of his time: "To go back is impossible, to stand still is dangerous." I trust, therefore, that, by the co-operation of a far-seeing and anticipating Government with the representatives of a people who are wise enough to realise the limitations imposed upon every demand for greater political advance by the circumstances of their country the imperfect political unification that exists and the imperfect national and social organisation that confronts us, the difficulties of the political problem will be overcome, so that the Government and the people, united by a common purpose, may advance towards that goal which I think is the common end of all those who are charged with the Government of India, namely, the realization of full responsible self-government. (Applause).

**Mr. President:** The Honourable Sir Alexander Muddiman.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): I hope, Sir, that does not close the debate?

**Mr. President:** The Chair is in the hands of the Honourable Members. I understand it was agreed that this debate should close to-day. If the Honourable Members, however, desire to continue it to-morrow, the remedy is in their own hands. The Chair called upon the Home Member to speak, and therefore the Honourable Members perhaps thought the debate was closed. That was not so. The Home Member had no right of reply in such matters and was called upon to take part in the debate in the ordinary way.

**The Honourable Sir Alexander Muddiman:** Sir, I understood I was speaking when the other speakers were exhausted. My only reason for speaking so late in the debate is that it is convenient for the Member dealing with the grant under discussion by the House to have an opportunity of answering the points that are brought forward. As pointed out I have no right of reply and I waited till a late period in the debate in order to reply to some of the many points that have been raised in this rather

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desultory and disconnected debate. I feel some difficulty in doing so for it has been a debate that has spread over a great deal of ground. I also feel some difficulty in doing so, for when my Honourable friend Mr. Belvi was enumerating the various forms of disqualification which he apparently regards as necessary part of a Parliamentary, I confess I found I only possess one. I do not possess the glibness of speech which he advocated, but I do possess the power of being able to untie the red tape of a file (Laughter.) Well, Sir, as I say, this is a debate that has ranged over a large variety of subjects and the only common denominator which I find in, I think, all the speeches, possibly not all, but all but one, is the desire for some further constitutional advance. It would have been easier probably for the Government speaker on a subject like this to have had to deal, as it has been my fate in the past on several occasions to have to deal, with a Resolution. I can understand, however, there is some delicacy in putting forward a Resolution where there are somewhat indefinite views as to the object to be sought. I think for purposes of this debate I can divide the speakers into several heads. There are the speakers of whom my Honourable friend Mr. Belvi may be taken as the prototype, the speakers who are "whole-hoggers". They say "All or nothing; take back the Reforms or give us complete representative government". They do not regard facts, have no regard to occasions, have no regard to circumstances, but make this demand in that rather impulsive way. And the worst of it is I do feel that my Honourable friend Mr. Belvi, when he says that he is speaking in absolute sincerity does believe it would be possible for any Government to give a people self-government by a stroke of the pen. That is the fatal and pathetic delusion which is at the basis of much of the difficulty in dealing with this question of constitutional reform.

5 P.M. I affirm here and now that it is not possible for any Government to give any people self-government; that must come from the people themselves. It is absolutely impossible for the British Government by a stroke of the pen to create a national Government which will function. I take it it is the wish of this House that any Government that is set up is to be a Government that is to function. You do not desire. I presume, to be plunged into anarchy.

**Mr. T. C. Goswami:** This is anarchy.

**The Honourable Sir Alexander Muddiman:** I will turn to my Honourable friend later. I know he is fond of that view. I do not take that view myself nor are there many Members in this House who do. My point is this. I quite recognise that Mr. Belvi and many others like him believe that it is possible by a stroke of the pen to grant what he so much desires. If I could only convince him of my belief that it is an impossibility we might be getting nearer the actual facts. Mr. Belvi, if I may say so, Sir, is a very straightforward and honest exponent of the whole-hogger school. He does not indulge in recriminations. He does not say that we are taking this or that we are taking that. There are others who are also whole-hoggers but who are not so reticent in these matters. I have come to think it is impossible to escape a debate where the word "robber" will not be used at least once or twice. I miss the great breezy frankness of my Honourable friend Mr. Abhyankar who used to take part in these debates with the addition, as a rule, of the word "dacoit". Sir, we have heard of "stinging serpents" and "robbers". Those are words that are

always brought into these debates. What their exact object is I do not know. Whether it is to sting me into anger or not, the word "robber" may be employed in this House with impunity for I am beginning to regard it as almost a regular epithet which will be applied to myself and my colleagues. Also when I am invited to regard the miserable pittance which remains to me after deduction of income-tax and house rent as in any sense something I am ashamed of, I am also left unmoved; my withers are unwrung. If I were a Director of a Tramway Company I would probably make a great deal more money than I do in the Government of India. And when people speak of our having no sympathies with those who work I can tell this House that I myself come from a very poor family, that I have worked all my life and shall probably have to work all the rest of my life.

Sir, I pass over those speeches where perhaps an exuberance of expression has injured the thought that they doubtless contained, and I turn to another class of speaker; and here again I must generalise. I will take, if he will permit me to do so in all courtesy, my Honourable friend Mr. Jayakar as the representative of that class. Now, Sir, Mr. Jayakar is a very able and a very moderate speaker and I listened to his remarks with the greatest interest. He was, if I may say so—doubtless owing to the fact that he was not a Member of the House at the time—a little misinformed as to the actual facts of the discussion in September, 1925. It took place as a matter of fact on an amendment moved by my Honourable friend the Pandit in connection with a Resolution on an inquiry of which I happened to be the Chairman—after the inquiry, not before. My Honourable friend the Pandit moved an amendment which quite frankly gave the Government some difficulty in understanding what exactly was meant; for though it was on the paper various people in various parts of the House put different interpretations on it. One of the difficulties I found then and I still find to-day in dealing with this question of constitutional reform is whether this House really contemplates that prior to any constitutional inquiry of any kind a declaration should be made by His Majesty's Government in Parliament as to the exact course to be followed by that inquiry. What the House apparently desires—or some Members of the House desire—is that the policy should be formulated by His Majesty's Government and any inquiry held afterwards to see how it can be carried out. Now that is not what the Government of India Act contemplates. It is not what has ever been done by the British Government in dealing with constitutional advance in this country, and I cannot conceive it as likely to be done in response to any request from this House or any other person or body. It would be placing the inquiry in this position, that after having decided the principles you would then have an inquiry to devise the procedure. It may be that that is a possible method of procedure. I can only say it is not a method which has any precedent in the dealings of Parliament with India or is likely to form such precedent as far as my judgment goes.

Now, Sir, Mr. Jayakar referred to the Indian National Congress resolution at Gauhati, and he said I should pick holes in a speech here or a speech there. Well, I have no desire to make any cheap scores in that kind of way, and I will present my Honourable friend with the conclusions of the Indian National Congress without any comment, leaving them to the House which is as well aware of their contents, as I am and possibly even better. Then Mr. Jayakar went on to talk about dyarchy and he

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quoted the opinion of a lady friend of his. I was interested to hear that opinion very much, but I do not really consider the opinion of his lady friend was very destructive to dyarchy. She must have been a very attractive lady friend to have made him think it was! (Laughter.) And now, Sir, one of the objections that my Honourable friend took to dyarchy was that while giving to the popular half a share in government it involved them in a joint and undivided responsibility. I do not know how the orders of the Bombay Government are issued, but if they are issued in accordance with the directions of the Act and rules it must be evident to the world at large which are the acts of the Ministers and which are the acts of the reserved half of the Government.

Now, Sir, he further went on to instance as an example of the way in which Government have been working these Reforms that amendments had been made in the Government of India Act. Sir, I do not contend for a moment, I do not propose to contend, that they were not restrictions on the power of this House. They were restrictions on the power of this House and I am not arguing they were not. They were restrictions which in the judgment of Parliament were necessary. I am not here to defend what Parliament did nor is it necessary for me to do so.

**Sir Hari Singh Gour:** Did you protest against them?

**The Honourable Sir Alexander Muddiman:** I recommended them, Sir!

**An Honourable Member:** Why did you do so?

**The Honourable Sir Alexander Muddiman:** One of the great dangers which this House has to guard against and it is a danger which all Houses and all authorities are exposed to is that excess exercise of authority brings its own reward. My Honourable friends opposite will tell me that my excess authority is bringing its own reward. Now, Sir, I did not quite follow some of my Honourable friend's remarks. I did not hear him very clearly when he spoke of himself as a Mahratta going on a pilgrimage. We know a little in Bengal about these Mahratta pilgrimages. I hope he does not contemplate such a pilgrimage as that. I am sure from his very disarming speech the slight threat contained at the end of it did not foreshadow Mahratta pilgrimage of that nature!

Now certain remarks were made about the duty of fighting the foreigner and generally of making his life uncomfortable. Well, Sir, it is undoubtedly one way of doing it; but is it a wise way? I put it to the House. (*An Honourable Member:* "Yes.") My Honourable friend says "Yes", but I submit with all deference to this House that if you have got to live by the ford, make friends with the crocodile. (Laughter.) That, Sir, was a maxim which was taught to me very early in my service by an old boatman in Bengal—if you live by the ford make friends with the crocodile.

**Mr. A. Rangaswami Iyengar:** Never trust the crocodile. (Laughter.)

**The Honourable Sir Alexander Muddiman:** As to who is the ford and who the crocodile I shall leave it to my Honourable friends to judge. (Laughter.)

**Mr. S. Srinivasa Iyengar:** Then make friends with us.

**The Honourable Sir Alexander Muddiman:** It is always my desire to make friends with everybody.

And now, Sir, I will come to Mr. Kelkar. Mr. Kelkar says "Fight the Government. All Governments want fighting; every non-official must fight the Government". That was his proposition. Well, Sir, as at present constituted it is a very pleasant proposition; but when he himself is a member of the Government I doubt whether he will approve of it and I doubt whether that is really the spirit in which Members of the Legislature should approach the Government. It is undoubtedly the duty of every Legislature to persuade the Government to act in the way it desires, but is it always well to fight the Government? Is not this continual stress on the idea that power is to be torn by some process possibly of . . .

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Language.

**The Honourable Sir Alexander Muddiman:** Of violence of language, as my friend rightly says, or by some other means it should be extracted from their hands rather doubtful? You can snare a hare in many ways; you may snare her by kindness and you may snare her by other means; but it seems to me that you can get more out of the Government by treating them kindly than by treating them unkindly.

**Lala Lajpat Rai:** Neither by kindness nor by violence.

**The Honourable Sir Alexander Muddiman:** Mr. Kelkar then made a point and it is a point I do not deny in the slightest. It is this: that in a Government of this kind responsibility rests on the executive in the ultimate resort. He also made the point which is quite a fair one in a way though it does not go quite so far as he has put it: there is a danger of the Executive using the Legislature as a shelter for their misdeeds; but with a Legislature of this intelligence, and this temper is there any real danger of that? No.

I did not quite follow the idea that you should make a man a Collector in order to fit him for the responsibilities of a Deputy Collector; that was a hard saying of my Honourable friend; but I take it that what he meant was this—and there again there is considerable truth in the remark—that where you confer an excess of responsibility on a man you may make him responsible in small matters if not in large. That is, if you make him, say, your land steward, he may be very careful in receiving your rents, but he may not turn out to be a very good land steward. There is something in that and I myself agree that men develop and popular Governments may develop by conferring responsibility even in excess. You do get, and you may get some responsibility as a result of it; but it is a process which must be carried out with considerable care. If you make a man a Commander-in-Chief in the hope of his becoming a good sergeant, I do not think you would probably defeat Napoleon.

Again, Sir, my Honourable friend put forward a proposition which has merits, great merits. He said that the will of the Legislature has to be carried out by the Executive. But that proposition is one which

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is only true where the constitution is such that the Legislature and the Executive are in harmony; they are in harmony in ordinary Parliamentary institutions owing to the fact that under those constitutions if you turn out my Honourable friend Sir Charles Innes and myself, you have got to sit in our places; the King's government has got to go on; and the real answer to the fact that this present constitution of ours . . . .

**Mr. A. Rangaswami Iyengar:** That is no answer.

**The Honourable Sir Alexander Muddiman:** My Honourable friend might wait till I have tried to give it. When I was interrupted I was about to say that the real answer to the criticisms which are directed at this constitution, and rightly directed at it, namely, the existence of residuary powers is justifiable by the fact that there must be some authority, to bring the Executive and the Legislature into conformity. No constitution and no country can be run where the Legislature is in permanent conflict with the Executive; something has got to break somewhere, and that is the justification and the real justification for the existence of these residuary powers.

And that brings me on to the further point which is that the more you force on a Government constituted as we are, the exercise of these residuary powers conferred on that Government, the more you weaken yourselves and the more you weaken us. You will come to regard that as a normal course in order to exercise your control over the Government; you will say "Let us force the exercise of these residuary powers." Well, Sir, it is quite open to you to do so; but the whole point of that is that you make the exercise of residuary power a thing which you yourselves regard as a very small matter, and what is worse, you deprave the Government which exercises them. That is a most dangerous proposition. My Honourable friend, Colonel Crawford, put it very well. He indicated that in other constitutions progress is possible by the atrophy—I think that was the word he used and if he did not use it it would have been a very good word to use—by the atrophy of the residuary power.

My Honourable friend, Mr. Kelkar, was greatly impressed by the fact that votes in this House were really not very important—I think I am quoting him correctly. Let me inform him that I have known an occasion and that not very long ago, when a question of three votes was of very considerable importance. I want to take him up seriously on that. His point was no doubt that here you have forty officials who vote in accordance with the instructions of Government or may vote in accordance with the instructions of Government. That, Sir, is part of the constitution as was devised and it is a part of the constitution which was devised for a purpose. I should have said twenty-six officials—not forty. Those votes were intended to give a certain amount of makeweight in this new constitution. They were deliberately inserted there and it is idle to talk of these votes being arbitrarily exercised. Everybody in this House who exercises any powers does so in virtue of an Act of Parliament, and the sooner the House brings its mind to accept that position the better. You and I, elected, nominated, appointed, selected are all here by virtue of an Act of Parliament.



Now, my Honourable friend, Mr. Kelkar, had one other argument that I ought to deal with. He said that we should not rely on gratitude, and specially that it was not a reasonable argument to put forward. I am not going to put it forward, Sir; I rely on a much greater argument—that is the argument of self-interest; and as long as the interests of India and the interests of Great Britain are identical—or even closely coincide—there is not much chance of any serious breach between them. My Honourable friend will probably argue that they do not coincide. I will make him a present of it.

I turn now to my Honourable friend, Maulvi Muhammad Yakub, and that brings me to a very interesting side of this debate which has given it a sense of reality which I personally welcome very much. There is no question which is more before the minds of anybody who is really concerned with the interest of this country than the tension between the two great communities, and Maulvi Muhammad Yakub appeared to me to speak in a way that shows his real desire to live in peace with his neighbours; and in this connection, though there was much in the speech of Lala Lajpat Rai which he could hardly expect me to admire, I did admire the way he endeavoured to speak out on this question which is troubling us all so much, which is a danger to Government, which is a danger to the public peace in this country and which is a question that you yourselves must solve for yourselves. (*An Honourable Member*: "If you will allow us.") I do not know who the interrupter was. If the suggestion is that we are not doing everything we possibly can to deal with this situation I do believe there is no man in this House who is prepared to repeat it.

**Mr. K. Ahmed**: Lala Lajpat Rai refused to preside at the leaders' conference.

**The Honourable Sir Alexander Muddiman**: The Honourable Member has interrupted me on a point which I am not going to take up. My Honourable friend Maulvi Muhammad Yakub made some reflections on the electorates which he said were not framed by the people. I am in entire agreement with him that the question of the electorates is one of the most important questions that this country will have to consider, and if he will devise some electorate to bring in a better class of Members than we get in this House, able as they are no doubt, (Laughter) I should be very grateful to him.

**Mr. M. A. Jinnah**: What will the Honourable Member do then?

**The Honourable Sir Alexander Muddiman**: The Honourable Member will do his best to take steps to get those electorates set up.

I have dealt as far as I can with the individual points that struck me in the course of this long debate. This is, as I say, a rather awkward method of raising a question of this importance. This debate could have been, and I am surprised that it was not, raised in a debate on a definite Resolution. Indeed there was one on the paper for some time in both places and for some reason or other which the Members of the House know better than I do, it did not come to fruition. I am left to deal, as I say, with the general proposition that some advance in reforms is desirable. We all think that some change in the constitution is desirable.

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"The question will be how and when it can be made. That is a question which on the grant under consideration I do not feel myself justified in elaborating. The general charge against the Executive Council apart from this question of constitutional reform has been the usual one. "We have left undone those things which we ought to have done and we have done those things which we ought not to have done and there is no health in us." That is a phrase which men of my faith repeat every week. As long as the Opposition in this House takes the line it has taken up to date the Government of India will not need to repeat it corporately, for the opposition will perform that duty. I suggest that I have met as far as I can the points that were raised in this debate. The issue—I will not be so irrelevant as to speak on the actual issue before us because no other Member mentioned it—is whether our tour expenses should be granted. I crave the mercy of the House that they be granted.

(Several Honourable Members moved that the question be put.)

**Mr. President:** The question is that the question be put.

The motion was adopted.

**Mr. President:** The question is: "That the Demand under the head 'Executive Council' be reduced by Rs. 59,999."

The Assembly divided:

AYES—65.

Abdul Matin Chaudhury, Maulvi.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Birla, Mr. Ghanshyam Das.  
Chaman Lall, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Hyder, Dr. L. K.  
Ismail Khan, Mr.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jinnah, Mr. M. A.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.  
Khin Maung, U.  
Kidwai, Mr. Rafi Ahmad.  
Kunzru, Pandit Hirday Nath.

Lahiri Chaudhury, Mr. Dhirendra Kanta.  
Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Murtuza Saheb Bahadur, Maulvi Sayyid.  
Nayidu, Mr. B. P.  
Natique, Maulvi A. H.  
Nehru, Pandit Motilal.  
Neogy, Mr. K. C.  
Phookun, Srijiut Tarun Ram.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Roy, Mr. Bhabendra Chandra.  
Sarfaraz Hussain Khan, Khan Bahadur.  
Shafee, Maulvi Muhammad.  
Shervani, Mr. T. A. K.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Gangananand.  
Sinha, Mr. Ambika Prasad.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.  
Vishindas, Mr. Harchandrai.  
Yakub, Maulvi Muhammad.  
Yusuf Imam, Mr.

## NOES—56.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
     A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
     Nawabzada Sayid.  
 Ayyangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
     Gopalaswami.  
 Bhoze, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Chalmers, Mr. T. A.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Dalal, Sir Bomanji.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Gavin-Jones, Mr. T.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hezlett, Mr. J.  
 Howell, Mr. E. B.  
 Innes, The Honourable Sir Charles  
 Jowahir Singh, Sardar Bahadur  
     Sardar.

Kabul Singh Bahadur, Risaldar-Major  
     and Honorary Captain.  
 Keane, Mr. M.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
     Nath.  
 Mohammad Ismail Khan, Haji  
     Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
     Alexander.  
 Muhammad Nawaz Khan, Lieut.-  
     Sardar.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur, M. C.  
 Rau, Mr. H. Shankar.  
 Roy, Mr. K. O.  
 Roy, Sir Ganen.  
 Ruthnaswamy, Mr. M.  
 Sassoon, Sir Victor.  
 Singh, Rai Bahadur S. N.  
 Singh, Raja Raghunandan Prasad.  
 Suhrawardy, Dr. A.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Young, Mr. G. M.  
 Zulfiqar Ali Khan, Nawab Sir.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 10th March, 1927.



# LEGISLATIVE ASSEMBLY.

*Thursday, 10th March, 1927.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## THE GENERAL BUDGET—LIST OF DEMANDS—*contd.*

### SECOND STAGE—*contd.*

#### *Expenditure from Revenue—contd.*

##### DEMAND No. 28—EXECUTIVE COUNCIL—*contd.*

**Mr. President:** The House will now proceed to discuss further amendments under the head 'Executive Council.' Mr. Das.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): There is only one rupee left. May I reduce this one rupee so that there will be nothing left?

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): On a point of order, Sir. In view of your ruling that it will not be in order for any Member to reduce a grant by the whole amount, may I know, now that one rupee is the whole amount at which the grant stands, whether it will be in order for any Member to seek to reduce that one rupee?

**Mr. President:** The motion is the original motion and the House is entitled to deal with it in the ordinary way. There is nothing to prevent Mr. Das from cutting down the last rupee in the total grant.

**Lala Lajpat Rai** (Jullundur Division: Non-Muhammadan): Sir, with your permission may I appeal to Mr. Das not to proceed with his motion. In view of the fact that the grant has been reduced to one rupee, I do not think we should take up further cuts. I think we should stick to the understanding arrived at with regard to the discussion on the Demands.

**Mr. President:** The Chair is prepared to proceed to the next Demand if Honourable Members so desire. I take it that it is the desire of the House to take up the next grant. The question is:

"That a sum not exceeding Re. 1 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Executive Council'."

The motion was adopted.

##### DEMAND No. 16—CUSTOMS.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I move:

"That a sum not exceeding Rs. 70,93,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Customs'."

**Mr. K. O. Roy** (Bengal: Nominated Non-Official): May I enquire if there is a time limit for speeches to-day?

**Mr. President:** There is no time limit.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): May I enquire if a time limit will not be placed?

**Mr. K. O. Roy:** I was given to understand that the speeches would be timed.

**Mr. President:** It is for the Party Leaders to settle the question among themselves and regulate the debate if they so choose.

**Sir Hari Singh Gour:** Cannot the House decide?

**Mr. President:** The House cannot by a majority vote take away the right of the minority. Mr. Srinivasa Iyengar.

**Mr. S. Srinivasa Iyengar** (Madras City: Non-Muhammadan Urban): I do not move my amendment as I oppose the whole Demand.

(Mr. President then called upon Mr. M. K. Acharya to move his amendment.)

**The Honourable Sir Alexander Muddiman** (Leader of the House): Sir, on a point of order, if the Honourable Member is going to move his amendment, I would say that this question could have been raised yesterday on the constitutional debate, and secondly, that the House has already discussed this question on a motion for adjournment on account of Mr. S. C. Mitra not being allowed to attend the Assembly. I submit that the House would be only wasting time in discussing it again.

**Mr. M. K. Acharya** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): It raises the question of grievances before supplies and refers to a definite grievance on which it is open to the House to reject this and indeed 'every Demand.

**Mr. President:** The Honourable Member knows that the House has already passed a vote of censure in the matter of Mr. S. C. Mitra and the motion is therefore barred under Standing Order 31, which provides that:

"A motion must not raise a question substantially identical with one on which the Assembly has given a decision in the same session."

**Mr. M. K. Acharya:** If that is your ruling, Sir, I submit to it, but will oppose the Demand at the end.

[Mr. President then called on Mr. Harchandrai Vishindas to move his amendment (No. 4 on the List of Motions).]

*Paucity of Wharfingers in Karachi.*

**Mr. Harchandrai Vishindas** (Sind: Non-Muhammadan Rural): Sir, I have to say a few words on this motion.\* I do not propose, like some other gentlemen, to cut out the whole thing. This is a token cut with the object of drawing attention to a particular matter, and that is this, that the number of wharfingers in the Customs Office, Karachi, is much less than is necessary. As a matter of fact representations were made on behalf of the Indian Merchants Association as well as the European Chamber, that on account of the paucity of wharfingers the merchants were put to very much inconvenience, which could be avoided if some more wharfingers were appointed. While formerly there were 41, they have now provided only 32. I do not want to press this matter any further than simply to draw the attention of Government to this particular point.

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\* "That the Demand under the head 'Customs' be reduced by Rs. 2,000."

**The Honourable Sir Basil Blackett:** We have recently reduced the number of wharfingers from 31 to 27. We found this possible because of the transfer of certain work to the Port Trust. I think it is the duty of Government when it finds it possible to reduce expenditure to reduce it. The Government will, however, take note of Mr. Vishindas' point and I can assure him that it will receive due attention.

**Mr. President:** Does the Honourable Member desire the Chair to put his motion to the vote?

**Mr. Harchandrai Vishindas:** No, I just made it clear that I do not wish to press the point.

**Mr. President:** Does the Honourable Member ask leave to wish to withdraw the motion?

**Mr. Harchandrai Vishindas:** Yes.

The motion was, by leave of the Assembly, withdrawn.

**Mr. President:** Mr. Sesha Ayyangar. I see that the Honourable Member has not intimated what point he wishes to raise. The Chair hopes that in future Honourable Members will follow the convention in this respect.

*Duty on Cotton Piece-Goods and Abolition of the Export Duties on Tea and Raw Hides.*

**Mr. M. S. Sesha Ayyangar** (Madras and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): I move, Sir, that the Demand under the head 'Customs' be reduced by Rs. 1,500.

Sir, in moving this motion, I beg to invite the attention of the Government and that of the House to one or two points which arise under this head 'Customs'. To me, it appears, Sir, that there is a bias, it is quite unconscious I take it, but all the same glaring, in favour of British interests and derogatory to Indian interests. For instance, I would invite the attention of the House to the tariff of the customs on cotton piece-goods. In this case, it was practically admitted by the Honourable Sir Basil Blackett even during his evidence before the Currency Commission, that the high wall of import tariff in India had been practically set at naught by the 18 pence ratio. To-day the import duty on cotton piece-goods happens to be 11 per cent. *ad valorem*. Now the 18 pence ratio injures this high protective tariff. To compensate the loss arising under that, the tariff wall should have been raised a bit, but that is not what has occurred. Now that places India under a double disadvantage. It gives a preference to the British piece-goods by facilitating the imports under this reduced duty because of the 18 pence ratio and it also places the indigenous Indian cotton manufacturers at a positive disadvantage. It practically also impairs the progressive indigenous khaddi movement, which, it would be, in the interests of India and the Indian financial administration, to foster and develop. Now, that is my first point.

Secondly, there is the question of tea. In finding possible avenues for the utilization of the surplus, the Honourable the Finance Member suggested the other day in his budget speech that the export duty on tea should be done away with. Now here again, Sir, it does not at all benefit the Indians. It benefits the British consumer of tea and it also facilitates the export of tea from India; and the tea monopoly in India, as the House is well aware, is entirely in the hands of non-Indians. From the figures of 1924-25 we see that out of 346 million pounds of tea that were exported by sea from India, nearly 300 million pounds were consumed by Great Britain; and in 1925-26, out of 326 million pounds of tea exported

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by sea from India, 286 million pounds were consumed by Great Britain. Now by abolishing the export duty on tea, therefore, certainly, the British consumer of tea is placed at a positive advantage. It no doubt facilitates also the export of tea from India, which, as I submitted just now, is entirely the monopoly of non-Indians. This proposal, while not benefiting Indians, gives a positive advantage to British interests. This is another instance, unconscious though it may be, but glaring, of British preference. There is a sacrifice of revenue no doubt from the Indian standpoint, but it is not compensated in the least by any benefit to the Indians but places the Britisher in a positive vantage ground.

Now, in the case of the salt duty, there is another instance, as regards the import of salt, duty free. Salt arriving at the port of Calcutta is made duty free simply because it is used in the industry of glazed stone ware in Bangal and for other purposes such as fish-curing in Bengal and in Bihar and Orissa. In these cases it positively hurts the Indians and places the Britishers at a great advantage. In paragraph 176 of the Taxation Committee's Report we see that there is a great hardship and handicap which the indigenous Indian manufacturer of salt is placed under. In fact he is disabled from importing or from carrying to Calcutta either by rail or by sea the salt that is manufactured elsewhere in India itself, and it is also an open secret that, so far as the import of salt into India is concerned, it comes mainly from Liverpool and Aden . . .

**The Honourable Sir Basil Blackett:** On a point of order. We are, I believe, to discuss the salt grant at a later stage. There is salt that pays customs duty, but I think it would be for the convenience of the House, if we are going to deal with salt, that we should deal with it on the salt grant.

**Mr. President:** Will the Honourable Member leave salt alone for the present?

**Mr. M. S. Sesha Ayyangar:** Thanks, Sir, I am leaving salt alone, but I mentioned that incidentally to show that it comes also under the tariff. Salt is imported free under the customs tariff under certain circumstances and I was making incidental mention of that. I am not entering into the question of salt duty at all. I wanted to emphasize that even in the case of the import of salt for fish-curing and indigenous medicine purposes there is great hardship for India and facility for Britain.

As a portion of the changes in the customs tariff, it was announced the other day in the budget speech that there was to be an abolition of the export duty on raw hides. Though it may legitimately come under the question of the Finance Bill, I may be permitted to mention that also incidentally, because when the Indian Tariff Act was amended in 1919, it was amended for the specific purpose of giving some advantage to the indigenous leather industry of India. What is it that has occurred in these nine years to make a change to show that there is a case made out for abolishing the export duty on hides? It is an open secret again that since the introduction of the chrome-tanning process in India, our tanned leather has found a favourable market in Britain and there is a very large demand for this leather from India; and we know also that there are very great facilities in India, so far as tanning is concerned; India possesses large indigenous sections of excellent tanning material. When India has great resources for developing her tanning industry and when the time for experiment has been so short, I submit there is absolutely



no case made out for giving up the export duty and sacrificing nine lakhs of rupees of the Indian revenue. The other day the House may remember that Mr. Prakasam drew the attention of the House to a telegram he had received and which the Madras section of Honourable Members had received from the President of the Hides and Tanners Association in Madras, to say that this proposal would hit very hard the leather industry of India.

These are instances which I think worth while to bring to the attention of the authorities in order that they may see that in all these cases there is a more or less unconscious bias in favour of British interests and which is derogatory to the interests of India. I submit these things may be taken into consideration.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): Sir, I will take up first the Honourable Member's suggestion that there is, what he calls, a British preference in our duties on cotton piece-goods. I am totally unable to discover from the Honourable Member's speech what grounds he had for suggesting that there was any preference whatever in the duties on piece-goods. He was under the misapprehension that the present ratio of 1s. 6d. was more in favour of imports from Great Britain than of imports from other countries. Well, Sir, if the Honourable Member had followed the discussions which have been going on for the last three years between the Government of India and the Bombay mill-owners he would have found that the whole complaint of the Bombay mill-owners regarding competition from abroad is not against competition from Great Britain, but against competition from Japan. In any case the Cotton Textile Committee's Report has now reached the Government of India and sooner or later it will be published and the House will then have an opportunity of discussing it and I think the Honourable Member will find that he is under an entire misapprehension in suggesting that there is any British preference whatsoever in the import duties on piece-goods.

The Honourable Member went on to suggest that there is another case of British preference in the proposal to remove our export duty on tea. That again is another subject which will come up for discussion when the Finance Bill is brought up the week after next, and I do not propose to go into it in any detail at the present moment. But it is a mistake to say that because most of our tea is consumed in Great Britain, therefore we are doing something for the British consumer by suggesting that the export duty should be removed. I would just like to tell the Honourable Member quite briefly what the origin of this proposal to take off the export duty is. In the first place, it was strongly recommended by the Fiscal Committee. In the second place, the Taxation Enquiry Committee suggested that the export duty should be taken off if at any time it was found that it was injuring the tea industry. In 1920, when I was Secretary in the Commerce Department, the tea industry was passing through an extremely bad time. The tea people were losing on every pound of tea they made, and we in the Government of India were in the position of adding to that loss by the amount of this export duty. That is a very awkward position for any Government to be in, and that is the reason why my Honourable colleague on my right is endeavouring to substitute for the export duty on tea a more satisfactory source of revenue.

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Finally, I come to the suggestion that the proposal to take off the export duty on hides is another instance of British preference. Again the Honourable Member is under a misapprehension. He suggested that we were taking off this export duty because we wanted to take away from the Madras tanning industry such protection as it has at present. Now, Sir, if the Honourable Member will only study the Fiscal Committee's Report he will find that the Fiscal Commission definitely condemns in unmeasured terms any export duty as a protective measure. The Honourable Member was again under a misapprehension in saying that large quantities of chrome leather were being exported from Madras to the United Kingdom. The quantity of manufactured leather which is exported is infinitesimal. The only leather which is being exported in any considerable quantity from India to the United Kingdom is what is called East India kips, that is, hides which are semi-tanned are sent to the United Kingdom where the Indian tannage is washed away and the curriers make it up into proper leather. That is the only export industry in leather which has attained any large dimensions and it is merely semi-finished leather that is sent out. I do not propose to say more about this export duty on hides because it will be fully discussed when the Finance Bill comes on; but when the Honourable Member suggests that the proposal is an attempt to give British preference it shows that he does not know the history of this export duty at all. When it was put on in 1919 I am quite prepared to admit that a distinction was made between exports of hides to Empire countries and exports of hides to non-Empire countries. The export duty on hides exported to Empire countries was less than the export duty on hides exported to non-Empire countries; and it was I who some two or three years ago proposed that that discrimination should be done away with and the export duty reduced to a flat rate of 5 per cent. *ad valorem*. When we took the responsibility of doing that it seems to me a little unfair for the Honourable Member now to say that we had any idea of British preference in proposing that this duty should now be removed. At any rate, as the two or three matters raised by the Honourable Member will be discussed more fully when the Finance Bill comes on, I hope, Sir, he will withdraw his motion.

**Mr. M. S. Sesha Ayyangar:** Sir, in view of the fact that this is only a token cut, I have no desire to press my motion.

The motion was, by leave of the Assembly, withdrawn.

*Revision of Specific, Ad Valorem and Protective Duties: Lax Administration.*

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, the motion\* of which I have given notice raises two distinct questions. One is the question of the general position of customs duties. We have now, Sir, in our existing tariff specific, *ad valorem* and protective duties and I submit to the House that the revision of the customs tariff and the manner in which these tariff revisions have taken place are such that the Government ought to be censured for the present state of affairs. Sir, so far as specific duties are concerned, when in 1925 my Honourable friend Sir Charles Innes proposed that in respect of the sugar duty we should replace the *ad valorem* by specific duty because of the competition of cheap Java sugar which had affected the revenue of this country, we were led to believe that it was only for the protection of

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\* "That the Demand under the head 'Customs' be reduced by Rs. 1,500."

revenue that this measure was undertaken. As a matter of fact it now turns out that it is not so much for the protection of revenue as for the production of more revenue. The proceeds in 1925-26 of the sugar duty were 70 lakhs more than in 1924-25 and nearly double those of 1923-24, which were then said to reflect the heavy fall in the price of sugar in that year. That was the reason suggested to us for putting on that specific duty. Although they knew that this specific duty did satisfy more than the purpose for which it was imposed, they continued that duty during 1926-27. And what do we find? "Our cautious estimate of 5·70 crores for 1926-27 has now to be raised by 1·25 crores." Sir, I object to this way of adding to our taxation under representations which the Government could well have found out to be not sustainable—at least by the end of the year 1925-26; and I therefore think that it argues a laxity on the part of the Government in having attempted to obtain from us such a huge sum of additional taxation merely on the plea that it is intended to protect revenue.

Then, Sir, we have the question of the protective duties. Now, Sir, in this country these protective duties are intended to introduce a policy of "discriminating protection." In the ordinary course protective duties are generally intended to protect an industry of a country so as to exclude the imports against which protection is needed, but unfortunately in this country the industries that have to be protected are unable to supply the whole of the quantity of goods that are necessary for this country with the result that foreign imports could not be excluded and we had necessarily to protect the industry to the extent to which it required protection by the levy of duties while at the same time the burden on the consumer had to be as light as possible. So the policy of the Steel Protection Act and of the later decisions taken by this House was that, in order the protective duty should be such as not to injure the consumer more than is necessary and at the same time give effective protection to the steel industry, we must add a bounty to the protective duty. Now, Sir, that policy has been definitely departed from in the last Bill that was passed in this House. I do not want to raise the discussion over again but, I say, Sir, that the policy of these protective duties as part of the customs arrangements of this country requires to be reconsidered.

Then, Sir, there is the general question as to what extent the tariff of this country should be based upon a system of *ad valorem* duties and to what extent upon a system of specific duties. That is a matter upon which the Government apparently has got no principle to guide it. As I have mentioned already, the specific duties which were resorted to on the last occasion have only resulted in adding to the burden upon the Indian consumer. Therefore I say that the whole of the customs arrangements of this Government are an example of laxity and want of method and system, which I think hardly does credit to the administration of a department under two such distinguished Members of the Government as those who sit opposite to us. I think one of the difficulties is that this Department of Customs is really under two Members. The Member for Commerce apparently has to decide what duties are to be imposed, and the Member for Finance has apparently to decide how it shall be collected, and how the administration of the Customs Department should be conducted. The real position as regards the Customs Department and the manner in which the present customs arrangements have been reduced to a

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chaotic state was indeed referred to when we discussed these matters in the Public Accounts Committee. Sir, in the year before last, the Auditor General of the Government of India pointed out, in regard to the customs accounts, that:

"serious irregularities have come to light at all customs houses and at Calcutta frauds have been perpetrated upon the revenues which are more serious than any which have occurred in the department for a generation past. I know of no department of Government activity in which there is more need for an improvement in the system and organization of internal check than in the Customs Department."

Then, Sir, there were searching investigations conducted by the Public Accounts Committee and suggestions were made with a view to improve the state of things. But really what is required now is that the whole position of our customs tariff should be re-examined. We have now come to a stage in the financial system of this country when so far as the central revenues are concerned, Customs, Income-tax and Salt form the principal sources of revenue; and what with protective duties, specific duties and *ad valorem* duties, we should have a scientific tariff system established in this country; but as against that, what is the real position? Let me read the Report of the Public Accounts Committee of the next year:

"A series of frauds came to light in the appraising department of the Calcutta Customs House in 1923; the officers responsible have been suitably dealt with. . . . The problem of finding a right solution is not an easy one since the matter depends upon securing a better check before the goods actually leave the customs house, and the measures adopted should be so designed as to avoid imposing additional delay in the clearance of goods. . . . Another subject which is also engaging the serious consideration of the Central Board of Revenue is the improvement of a system of internal check. . . . Then it was brought before us in evidence by the audit authorities that the Sea Customs Act of 1878 is obsolete and the need of drastic amendment in order to bring it up to date was prominently before us in evidence. We were indeed told and this is important that the Act would be unworkable in modern conditions if conventional methods had not grown up and obtained the sanction of long practice, though they were in many cases, if not *ultra vires*, at any rate not strictly in accordance with the letter of the law. It is obvious that this condition of affairs adds considerable difficulty to the work of the Audit Department, a part of whose duties it is to see that revenue is being collected by the Customs Department in accordance with the statutory provisions of this Act. We understand that the question of amending the Sea Customs Act was one of the first subjects taken up by the Central Board of Revenue at the time of its appointment in November 1923, and we trust that it will be possible at an early date to lay proposals for revising the statute before the legislature."

Sir, I think in this state of things it is very high time indeed for the department concerned to put an end to this extremely lax state of affairs because it is not merely a source of corruption, but is also a source for the perpetration of frauds on the public revenue.

Then, Sir, there is another matter which arises in respect of this laxity of administration, but I suppose it will be raised later on, as I see by my friend Mr. K. C. Roy, and that is the extremely unsatisfactory position in regard to the inland customs line. Those who have been in the Madras Presidency know the difficulty, know the harassment and the trouble which lawful citizens are put to by reason of the fact that certain other people have been smuggling goods. That is also a matter in which there is neither rhyme nor reason in the methods of the Customs Department. I therefore feel, Sir, that on these matters the department concerned has been very much to blame, and I therefore move this cut.

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, I would like to make a few observations on the speech which has fallen from my Honourable friend. Firstly, in regard to sugar. A year or two ago in this House I moved a Resolution or a cut against fixing sugar duties on an *ad valorem* basis. I explained at considerable length to the House at that time which I do not propose to repeat to-day, my objections to the change then made. I would only like to say this to the Honourable Member that I could have whole-heartedly supported him to-day had he supported me then; but, Sir, what happened was, as so often is our experience in this House, that that morning there had been a somewhat heated and exciting political debate; and Honourable Members opposite were so full of their political debate that they had all cleared out of the House and left me alone to support my motion on sugar, although before coming into the House they had expressed themselves as being entirely on my side! In my speech on the General Budget the other day I was compelled to admit that the fixing of the tax on an *ad valorem* basis had not seriously affected the trade in sugar; and therefore I cannot support my Honourable friend to-day with my vote as I could have done a year ago.

Then, Sir, I return to the question of the tariff. I agree with what he said about our present somewhat haphazard tariff. I should like very heartily an announcement on the part of the Government that they intend to put an officer on special duty to revise these sea customs duties. Certainly the whole position does require re-examination and there are far too few items in the tariff. With regard to what he said as to Customs being under the Commerce Member or the Finance Member, I come down at once on the side of the Commerce Member. I think it is highly preferable that duties should be handled by the Commerce Member with an eye to the trade of the country, rather than merely by the Finance Member with a view to grabbing all possible revenues he can get out of them. To that extent I am entirely with my friend.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Sir, although there is another opportunity to speak on this subject I take advantage of this opportunity just to make a few observations. Sir, my Honourable friend Mr. Rangaswami Iyengar complained that the Government of India has not made proper inquiries into the tariff and he suggests that such inquiries should be made. What I feel, Sir, is that inquiries have been made, but unfortunately the Government of India does not give effect to the proposals contained in that inquiry. The Taxation Inquiry Committee has made its report. Unfortunately the Government of India does not attach much value to the proposals contained in that report.

**The Honourable Sir Basil Blackett:** Why?

**Mr. N. M. Joshi:** The Taxation Inquiry Committee came to the conclusion that in India the indirect taxes or what they call the taxes on consumption are more than they ought to be; and they have given figures. They have also stated in their report that the burden on the urban labourer is larger than it should be and that it should be reduced. The Taxation Inquiry Committee also suggested the order of priority as to reduction of taxes; and I feel, if Honourable Members have now read the Finance Bill, that they will realise that the Finance Member, although only two days back he showered his sympathy upon the wage-earners in this country, did not show much practical sympathy in his finance proposals. Sir, when the Taxation Inquiry Committee has made it clear that the burden of the

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urban labourer is more than it ought to be and when they have suggested means of reducing that burden, namely, by reducing the duty on sugar, kerosene and matches, he goes out of his way to select the duty on motor cars for reduction this year. Sir, the Honourable the Finance Member stated that he has taken the proposal of the Taxation Inquiry Committee into consideration. I would ask him to explain to us what is the order of precedence given by the Taxation Inquiry Committee and whether he has followed that order of precedence. If he has not followed that order of precedence, I may at once say that the Honourable the Finance Member has not given effect to the proposals of the Taxation Inquiry Committee. If that Committee had not given the order of priority for reduction of taxation, then certainly it would have been proper for him to choose any tax he liked, but the Taxation Inquiry Committee has laid down a certain order of precedence for reduction of taxation. They have placed the taxes on sugar, matches and kerosene first in that order of the import duties and he has not reduced any one of these. I therefore, think, Sir, that the Honourable the Finance Member has not given any effect to the recommendations of the Taxation Inquiry Committee. He has not reduced the duty on sugar although the Taxation Inquiry Committee has suggested that as one of the first. He has not reduced the duty on matches, although we have got nearly a 200 per cent. duty on matches; nor has he reduced the duty on kerosene which touches the poor people of this country. I therefore think, Sir, that the cut proposed by Mr. Rangaswami Iyengar should be passed as a matter of protest against the Honourable the Finance Member for not giving effect to the proposals of the Taxation Inquiry Committee.

**The Honourable Sir Basil Blackett:** Sir, my first complaint with regard to this motion is that my Honourable friend Mr. Rangaswami Iyengar has used the word "laxity" in a very lax way. It is important, I think, that Members of this House should not forget that when they speak about the laxity of administration, that word is taken by a large number of officers all over the country as a possible reflection on themselves, but the greater part of Mr. Rangaswami Iyengar's speech had nothing to do with laxity of administration, but with the sins of this wicked Government in regard to things done at the centre,—something quite different from administration of the Customs revenue. He did raise one specific point about the question of frauds at customs houses and the necessity for improving internal check, a matter, as he rightly stated, which has been considered very carefully by the Public Accounts Committee on more than one occasion. I entirely agree with him that an improvement in the system of internal check inside the customs houses is an important reform which it is most desirable that we should institute. We have been conducting during last year a very careful study of the possibilities of improving conditions in that respect: the difficulties are by no means inconsiderable, but I hope that we shall be able before very long to arrive at a real improvement in that matter. So far as the frauds which occurred in 1923 were concerned, they were very thoroughly dealt with, and I do not think that there is any reason to suppose that that sort of thing is being repeated.

I come now to his charges against the Government, because I think those which I have already dealt with were the only charges that were really in the nature of laxity of administration. The first instance of Government's wickedness in this matter which has been chosen is the case of

sugar. Mr. Rangaswami Iyengar's complaint is that by making the duty specific instead of *ad valorem*, we have raised additional revenue. This matter came up when the Indian Tariff (Amendment) Bill was introduced in the spring of 1925 and passed after consideration in Select Committee and full discussion in this House. Speaking on this matter on the 18th March 1925, my Honourable friend Sir Charles Innes said as follows:

"I am perfectly prepared to admit that in 1926 the tariff valuation for sugar, instead of being Rs. 17/8 as this year, is likely to be lower. It may be Rs. 14/8; it may be less, it may be more. I cannot say more than that. Sugar is a very chancy crop. You may have a failure in Cuba, you may have a corner in America, prices may go up or may go down, but all the indications are in favour of what the Honourable Member said, that the tariff valuation for sugar in 1926 is likely to be something like Rs. 14/8 per cwt. instead of Rs. 17/8 as it is now, and that is a consideration which is very relevant to this problem which is now before the House. For supposing the tariff valuation in 1926 on the present system is Rs. 14/8 and supposing we take 25 per cent. *ad valorem* duty, the actual duty which we shall levy will be something like Rs. 3/10 per cwt. as against the Rs. 4/8 we are proposing. I am prepared to admit that, but my point is this, and that is the point which was brought to my notice when we were maturing this proposal, if we do not impose this specific duty at the rate which I now propose, for every 4 annas in duty we drop, we lose 22½ lakhs of revenue."

The whole purpose of that amendment was to stabilise our revenue, to improve our estimating and to prevent our revenue from falling away very largely when there was a big fall in the prices of sugar. The difficulty we were in was that, with large fluctuations in the size of the sugar crop and a drop in the price of sugar, it meant a very heavy drop in the *ad valorem* duty. We were in great difficulty to know what our revenue would be and the lower the price of the sugar and its import, the less duty we would get. Of course, the other question of the protection of the Indian sugar interests was also raised, and I would draw the attention of the House to the fact that we were attacked only a few days ago on the ground that the present sugar duty is not high enough to protect Indian interests. I think that my Honourable friend Sir Walter Willson must have forgotten, when he said that he did not get a proper opportunity for dealing with the sugar duty, that he actually moved an amendment on that occasion to make the specific duty Rs. 4 instead of Rs. 4/8/0 and failed to carry the House with him. . . .

**Sir Walter Willson:** I explained that to the House, that those Honourable Members were not here, as they should have been.

**The Honourable Sir Basil Blackett:** Mr. Joshi has also referred to the sugar duty on the ground that it is a heavy tax on the consumer, and in that connection he has made some complaint against the Government, and against me in particular, for not carrying out the recommendations of the Taxation Inquiry Committee. I should like to repudiate at once his accusation that the Government do not attach much value to the Report of the Taxation Inquiry Committee. I assure him that the contrary is the case. But I explained in introducing this year's Budget that until we had got rid of the provincial contributions we were not in a position to take full advantage of the valuable recommendations of the Taxation Inquiry Committee. We cannot effect any important changes in taxation in the direction of lowering taxation unless we are prepared to substitute other taxes at once in their place at the beginning. Once the provincial contributions have been got out of the way, and if we are lucky enough to have a surplus, then we can consider reductions of taxation without being faced with the necessity of imposing new taxes or additional taxes in other directions to take their place. The reason why there are no big

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proposals for changes in taxation this year is that we are not yet quite free of the provincial contributions. I very much hope that next year and the year after the Finance Member will have an opportunity of taking more advantage than has hitherto been possible of the Taxation Inquiry Committee's Report, that is assuming that we are still fortunate enough to be living in the era of surpluses. Mr. Joshi also referred to the tax on matches. I think the House is aware that the question of the import duty on matches has been referred to the Tariff Board. We have obviously to await their report before we can deal with the question of the import duty on matches. I am free to confess that I think it is much too high a duty as things stand to be altogether a desirable one. On the general question of revision of our tariff it is the hope of Government that they will very shortly be able to institute a thorough inquiry into the possibilities of revision of the tariff either by the appointment of an officer on special duty for that purpose or by the utilisation of members of the staff of the Department of my Honourable friend, Sir Charles Innes, and of the Central Board of Revenue. That brings me to the question that has been raised of the separation of functions in the matter of customs. I think there is a suspicion in the minds of the House that this is a case of diarchy. The present arrangement dates from the Retrenchment Committee's Report, and speaking for myself, I think it is working rather well. Any question of tariff is a matter for the Department of Commerce. Questions of administration are matters for the Central Board of Revenue, an office under the Finance Department. The Finance Department is interested in the revenue aspect of the question and the Commerce Department is interested in the tariff aspect of the question, and I think that it does make for clarity of thought that these two aspects should be separated under two different Members, who are after all ultimately only each one-eighth of the Governor General in Council, where all things come together. I hope that my Honourable friend, Mr. Rangaswami Iyengar, will not feel it necessary, in view of the explanation that I have tried to give, to press this motion further.

**Mr. President:** The question is:

"That the Demand under the head 'Customs' be reduced by Rs. 1,500."

The motion was negatived.

*Ruling as to Assessment of Duty on Imported Paper.*

**Colonel J. D. Crawford** (Bengal: European): Sir, I move that the Demand under the head "Customs" be reduced by Rs. 101".

My object in giving notice of this motion was to protest against the recent ruling as to the assessment of duty on imported paper. If I may very briefly remind the House as to what the position was: in the Simla Session of 1925 we gave definitely protection to the paper industry, particularly bamboo pulp, and the actual amendment to Schedule II which we made read as follows:

"Printing paper, excluding chrome, marble, flint, poster and stereo, containing less than 65 per cent. of mechanical wood pulp, specific one anna."

On that customs ruling No. 9 of 1926 of the Government of India was issued which gave effect to that particular point and ruling No. 9 of 1926 specifies that the 65 per cent. in accordance with trade practice is to be



calculated on the fibre content of the paper. Now, Sir, on the 2nd February 1927, a new customs ruling is issued, without reference to the trade concerned, which states that the protective duty imposed by Item No. 155 of Act V of 1894 applies to printing paper containing less than 65 per cent. of mechanical wood pulp and that the Government of India hold that the only possible construction of the language used in this ruling was that it referred to the weight of the paper and not merely to its fibre content.

Now, my protest against that ruling is on two grounds. First, that that ruling is *ultra vires* and against the intentions and spirit of the protection with this House intended to impose, and secondly that that ruling has been issued without any notice to the traders concerned with the result that *bona fide* traders who made contracts with the importers of paper find themselves subjected to a loss without any notice of the imposing of new conditions. The position seems to me perfectly clear as to what the intentions of the Tariff Board were. On page 97 of the Tariff Board's Report, it states:

"Our proposal is that all papers containing not less than 65 per cent. of mechanical wood pulp should remain subject to the present rates of duty on newsprint."

And again in paragraph 152 on page 98 of the same Report is given in fuller detail the principles governing the remission of certain papers from the protective tariff. The papers governed by the new ruling, ruling No. 1, are almost exclusively comprised in the sentence "that it does not compete with Indian paper at present, and that it is not likely to compete,—that it should be possible to define it in such a manner that it can be readily defined for customs purposes". If we want further evidence of what was the purpose of the House, I think I may quote from the speech of the Honourable the Commerce Member when he introduced his Resolution to give protection to the bamboo paper industry. He said:

"Similarly there is a very large import into India of what is called newsprint, that is paper on which newspapers are printed. It is made very largely from what is known as mechanical wood pulp, that pulp made by grinding wood fibre without the addition of any chemicals. The Tariff Board have excluded newsprint also from the market which the Indian manufacturer can hope to capture. . . ."

There was another much more serious and wellfounded reason for this action. This newsprint, besides being absolutely necessary in India, is so cheap that Indian paper could not compete with it unless we put on a perfectly outrageous degree of protection. . . .

If we make all these deductions, we find that the scope of expansion for the paper industry in India is not more than 20,000 tons a year."

Therefore, I take it that the intention of the Tariff Board and of the Honourable the Commerce Member was definitely to exclude these particular types of paper from the protective tariff.

The second point is that I wish to protest against the fact that a ruling making such a fundamental change should be brought in without giving any reasonable degree of notice to the traders concerned. I would very much like to hear what the Honourable the Commerce Member has to say on these particular points. What I desire is that ruling No. 1 shall be suspended forthwith, that we should go back to ruling No. 9 whilst at least an inquiry and investigation is made into the effects of ruling No. 1, and as to whether that ruling is the proper construction to be placed on

paragraph 155 of the Tariff Act. If on that investigation the  
12 Noon. Honourable the Commerce Member finds that the present ruling is *ultra vires*, I hope he will take steps to have refunded to the traders concerned the additional duties which have been collected from them.

**The Honourable Sir Charles Innes:** Sir, I think that my Honourable friend Colonel Crawford has not fully apprehended the position. He has stated the facts quite correctly but the deductions which he has drawn from those facts are not equally correct. What happened was that this question was first referred to the Central Board of Revenue and they gave the first ruling to which the Honourable Member has referred. Then a revision petition under the Sea Customs Act was put in to the Governor General in Council against the ruling of the Central Board of Revenue. Now, Sir, the Governor General in Council has at his disposal extremely expert and trained lawyers, particularly trained in this matter of interpretation of Statutes, and the Governor General in Council was advised that whatever the intentions of the Legislature may have been when this particular Act was put on the Statute-book, at any rate as the Act stood there was no possible doubt as to what the meaning of the words were. The actual words in question are: "protective duty so imposed on all printing paper containing less than 65 per cent. of mechanical wood pulp." It is purely a question of interpretation whether that 65 per cent. of mechanical wood pulp refers to 65 per cent. of the fibre content or 65 per cent. of the total weight of the paper. It is purely a matter of interpretation. We were advised that it must be the total weight of the paper. That is the law whether it is right or wrong. That is the law and we have got to enforce it. Therefore, Sir, the Honourable Member is entirely wrong in suggesting that our action was *ultra vires* or even in suggesting that we should have consulted the trade, that is, the importers, before we made this ruling. It is up to the importers now to prove that the effect of the ruling is to bring within the scope of the protective duties large quantities of paper which the protective duties were not intended to affect. If the importers of newsprint can show that to the Government of India, I am prepared to give an assurance to the Honourable Member here and now that we will take any representation that they may make into the most careful consideration and if we find that there is weight in their representation, then we shall consider the amending of the Act. But I hope the Honourable Member will take it from me that the only thing which we could do would be to amend the Act.

**Colonel J. D. Crawford:** I will withdraw, Sir.

The motion was, by leave of the Assembly, withdrawn.

#### *Invidious Distinctions between Provinces in the Scales of Pay of Clerks.*

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadian Rural): Sir, I rise to move my motion.\* The question is perhaps of very small importance to the Finance Member but it is of very great and big importance to the poor employees of the Customs Office in Madras. Sir, as stated, the object of my motion is to draw attention to the invidious distinction between the provinces in the scales of pay of clerks. The clerks in the Customs Office in Madras are given the scale of Rs. 40—2—80—1—90 whereas we find that in Calcutta it is Rs. 45—45—50—3—110—5—120, in Bombay it is Rs. 60—4—100—3—160 and in Rangoon it is Rs. 60—4—152. Of all this lot, Sir, it has fallen to the lot of the Madras clerks—109 out of 186—to receive the lowest possible pay and scale. In the matter of the upper division, clerks in Calcutta get Rs. 80—80—100—5—150—10—200, in Bombay it is Rs. 110—5—230 and in Rangoon it is Rs. 140—5—200—10—250 whereas in Madras it is Rs. 70—3—85—4—125.

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\* "That the Demand under the head 'Customs' be reduced by Rs. 100."

Sir, there is another way in which also their lot can be compared, and that is, by taking the scales of pay which are in vogue in some of the other departments which are being worked under the Government of India in Madras. In the Accountant General's Office the scale is Rs. 40—6—100—5—175, in the Post Office the scale is Rs. 40—5—100—4—140 and in the Currency Office it is Rs. 40—5—90—4—130 whereas in the Customs Office it is only Rs. 40—2—80—1—90. I need not dwell upon the various responsible duties which the clerks of the Customs Office have to do and it is undeniable that the responsibility of the clerks working in the Madras Customs Office is quite as great and as serious and grave as the duties of the customs clerks in other parts.

Now, Sir, with reference to this grievance of the Madras Customs House clerks a Resolution was moved in the Council of State by the Honourable Mr. P. C. Desika Chari bringing to light this identical grievance in the following terms :

“ This Council recommends to the Governor General in Council that the ministerial establishment of the Madras Customs House may be granted the same scale of pay as is granted to the ministerial staff in the Bombay and Calcutta Custom Houses, or, in the alternative, that the ministerial staff in the Madras Custom House may be granted the same scale of pay as the ministerial staff of the Accountant General's Office, Madras, or other ministerial departments in Madras under the direct control of the Government of India.”

The Honourable Mr. P. C. Desika Chari made a strong point there and he, coming from Madras though not directly, compared the prices of food-stuffs and other necessities of life both in Madras and other places and pointed out that the scale of living in Madras is not cheaper than the scale of living in Bombay or Calcutta. Nevertheless, when he was describing the difficulties of the clerks there and adding to it the fact that Madras is a city of distances and the clerks who have to reach their offices have necessarily to incur additional expenditure over conveyance also, the Honourable Saiyid Raza Ali interrupted by saying, “ What about bicycles?” Sir, to a clerk drawing Rs. 40 or 50. to buy a bicycle even on the hire purchase system will mean that he will have to devote at least a half or one-third of his pay for the payment of the debt incurred by purchasing the bicycle. That was the manner in which the Honourable Member thought fit to ridicule or mock at the poverty of the clerks. Sir, a more serious reply was given by the Honourable Mr. Jukes. He said :

“ The Government held that the main consideration in matters of this kind must be the rates of pay given to similar grades of clerical labour by the Local Government within whose territories the staffs are serving. I am afraid, Sir, that Government cannot agree to abandon this principle in favour of either of the principles suggested by the Honourable Mover. Government cannot consent either to give the same rates of pay to all establishments performing the same duties, in whatever part of India they may be serving, or to give the same rates of pay to all the establishments serving in one place, whatever the nature of their duties. In both cases, it will be noticed, the Honourable Member proposes to level up rather than level down.”

He (the Honourable Mr. Jukes) prefers levelling down rather than levelling up.

“ He would give to the Madras establishments either the highest rate of pay given to similar establishments in other parts of India or the highest rate of pay given to the establishments under the control of the Central Government in Madras itself. The adoption of either of these courses would be grossly unfair to the tax-payer and would occasion considerable embarrassment to the Local Governments.”

[Mr. C. Duraiswamy Aiyangar.]

Here are the crocodile tears shed by Mr. Jukes for the tax-payer, when he was asked to increase the pay which is received by these clerks. But what about those Collectors who are receiving the same scale of pay all over? What became of his tears about the tax-payer's money when he finds that the Collector in Madras receives Rs. 2,250, the Collector in Bombay receives the same pay, and the Collector in Burma receives the same pay? The scale of the Collector of Madras is Rs. 2,250—100—2,750. The same is the scale in Bombay and in Burma. Sir, I ask, what became of those tears about the scales of pay of these higher officers? Are then the rents of bungalows in Madras lower than those in Bombay or Burma, and if it is the contention in the case of Madras clerks, that the rents of houses in Madras are lower than in other places, should not the same be held to apply in the case of the higher officers? I want the Honourable the Finance Member on a fine cool morning like this not to be severe about these clerks but to consider calmly their position and give them some suitable relief. There are two other remedies which my Honourable friend and Professor, Dr. Macphail, would suggest. He would suggest, let there be industries opened into which the Brahmin graduates can rush instead of becoming clerks. I quite agree with him in his boycott of Government service. But where are the industries to which they can go? Another suggestion that he would make is, ask them to sit down and perform ceremonies and say prayers. I ask, has not the Rev. Dr. Macphail taught us every morning day after day, the prayer, "Our Father, who art in heaven, give us this day our daily bread." That Father in heaven has shown this father on the Treasury benches of these clerks to give them their daily bread, and I ask, considering the position of these poor clerks, give them their legitimate bread. Why make them suffer like this? I am aware, and I believe the Honourable the Finance Member is aware, that two Collectors in Madras in succession have made a very strong recommendation with reference to the position of the clerks in Madras. I believe that Mr. Watkins has made a very strong recommendation and the latest recommendation was made by Mr. Stuart, the Collector of Customs there, who has I understand described in a very graphic manner the difficulties of the clerks—the ugly clothes they have to wear, the debts which they incur to the co-operative societies, their inability to repay those debts and the applications that are received from the wives of deceased clerks for some sort of compassionate allowance. Does not all this convince you that the position of the clerks in Madras is miserable and that it is a case to which you must pay some serious consideration? It is not enough for you, when the clerks of the Accountant General come and complain, to ask them to go and find consolation in the position of the Post Office men; when the Post Office men come and complain, to ask them to go and find consolation in the position of some other office; when the men of that office come and complain, to ask them to go and find consolation in the position of the Customs men; and when the Customs men come and complain, and ask for some remedy and some redress here, what does the Government here say? They point to the Local Governments and say that the scales of pay fixed by the Local Government of Madras are less than the scales paid by other Local Governments. What does the Local Government say in its turn? Go to the Chingleput *mirasadar* and see what he pays. If you go to the Chingleput *Mirasadar* and ask him, he says that the farmers and labourers are paid very

much less. Is that the source that the Central Government will look to for guidance? Is not the Central Government going to set an example to all these people how to improve the economic condition, the living condition, the sanitary condition, the health and minds of all these ill-paid employees? I hope to get a favourable reply from the Honourable the Finance Member, but, even if his answer is going to be otherwise, I may here and now say that I am not going to ask for a division. I will not divide this House because, whatever the result of the division may be, I am not going to divide the employer and the employee. I hope the Finance Member will give a reply that the position of these clerks will be more favourably considered.

**The Revd. Dr. E. M. Macphail** (Madras: European): After the appeal of my old student, Mr Duraiswamy Aiyangar, I feel that I cannot resist the temptation to say a word or two on this subject, although, when I get up without preparation I seem occasionally to say things which offend people. I rather sympathise with Mr. Duraiswamy in this matter. Coming from Madras I am naturally inclined to get as much for Madras as possible. We have been paying a great deal more than any other province in the way of provincial contributions, and as we have been paying more, it seems to me that we have a right to come forward and ask the Honourable the Finance Member if it is not possible for him to give the same amount to clerks in Madras that is given to clerks in other places. That is my own feeling in the matter. I know that there is a difficulty because of the fact that you have different costs of living in different places, but I feel that there is some cogency in Mr. Duraiswamy's argument that that distinction is not drawn in the case of the higher services, except that I suppose there may be some special allowances given. But it seems to me that this discontent might perhaps be removed, at all events to a certain extent, if some flat rate were given to the clerks in the same service all over the country and some allowances were given for extra cost of living, for there is an extra cost of living in cities like Calcutta and Rangoon. (*Mr. A. Rangaswami Iyengar*: "And Madras.") There might be something of the nature, to my mind, of separate allowances for different places calculated upon the undoubted difference in the cost of living. And while I am on my feet, I should like to make a reference to what my Honourable friend, Lala Lajpat Rai stated yesterday. I was rather angry at what he said and did not get up to speak in case I might speak inadvisedly with my lips when I was angry. I should like to ask the Honourable Member—he has been so good as to tell me that he was sorry that he had hurt my feelings—I should like to ask him to read what I said and to see whether it justified the attack that he made upon me yesterday. I do not think if he reads it over again carefully . . . .

**Mr. President**: I am afraid that I cannot allow the Honourable Member to deal with that matter. It is entirely out of order in this debate.

**The Revd. Dr. E. M. Macphail**: I was only going to speak on the subject of pay; it was in connection with the subject of a living wage which I understand has been raised by this debate, and I want to say a few words about it. The Honourable Member states that I had said that Rs. 9 was a good living wage for Madras because the Indian agricultural labourers received the same amount. I never said anything of the kind. I never discussed the question of Rs. 9. I know personally from my own experience

[Dr. E. M. Macphail.]

in Madras that Rs. 9 is not a living wage for any one in Madras and I certainly had no desire to say that it was a living wage. What I was referring to at the time was the class that my Honourable friend, Mr. Acharya, referred to, namely, the class of clerks, the class that we are speaking about now, and what I said was that I was extremely sorry for them receiving such low pay. I do not think I said anything which would warrant its being held that I approved of the very low rate of pay of Rs. 9 a month for any one in this world.

**Lala Lajpat Rai:** I am sorry if I misunderstood my Honourable friend.

**The Honourable Sir Basil Blackett:** I think it always comes as something of a shock to people, whether coming from overseas or whether coming from Northern India, when they find what is the ruling rate of wage in many parts of Madras. We are up against a serious difficulty. Mr. Duraiswamy Aiyangar pointed out the chain of argument which leads to the rates of pay being low. But I do not think you could solve that difficulty simply by one employer, the Government of India, suddenly stepping in and raising all round the rate of wages that it pays to its particular employees, especially as they are a comparatively small number among the total even of Government employees in Madras. The difficulty is a serious one and I do not think that it is going to be solved simply by raising the wages. If you can raise the demand for the standard of comfort among the people, then you will quickly I think raise the wages. I do not think that you will raise the standard of comfort by stepping in and increasing the money wage in one particular isolated instance.

(Mr. Duraiswamy Aiyangar here made a remark which was inaudible to the reporter.)

I am afraid I did not hear the Honourable Member's remark. I notice that the Member who has moved this cut with a view to improving the wages of certain employees in Madras went into the lobby the other day with a view to reducing them by 11 per cent., but I am not sure whether he did it enthusiastically.

Our position in this matter is that we are guided by the rate of wages paid by the Local Government. The matter was carefully considered, I believe, by a committee of the Local Government not very long ago, and we should put the Local Government in very considerable difficulty if we were to raise our rate of wages above the standard with which it compares. The principle of giving the same wage all through India, the same money wage all through India, for the same service sounds at first sight attractive but does not really mean that you will give the same reward for labour all through India if you give the same money wage. A certain amount of prejudice was attempted to be introduced by comparison with what is done in the case of the Collector and the clerks, but the Honourable Member seems to forget that there are local allowances and house rent allowances, and allowances of varying natures which do result in differentiation in the pay of the Collector in Bombay and the Collector in Madras, and a very considerable money difference is introduced by those allowances. It was in 1925 that the increments of the clerks whom we are now discussing were raised from 1½ to 2 rupees and their maximum from Rs. 65 to Rs. 90. The revision that then took place was based on the rates of pay of similar clerical labour paid by the Local

Government. This is the principle adopted in every Customs House, and while I do not deny my sympathy with the Honourable Member's motion, because it does seem to me that some of these rates of wages judged by other standards are somewhat low, nevertheless, until the Local Government feels that it is in a position to give a higher rate, I do not think that the Government of India would be justified in doing anything.

**Mr. President:** The question is:

"That the Demand under the head 'Customs' be reduced by Rs. 100."

The motion was negatived.

*Export duty on jute.*

**Mr. K. O. Neogy:** Sir, I beg to move that the Demand under head "Customs" be reduced by Rs. 100.

It is my intention to draw pointed attention of this House to an item of taxation which was levied in the exigencies of war finance and that has passed into the normal system of taxation of this country. Between the years 1880 and March 1916, there was no export duty with the exception of the export duty on rice. It was in the year 1916 that the export duty on jute was first levied at the instance of the then Finance Member, Sir William Meyer. In moving for the adoption of this new form of taxation Sir William Meyer pointed out that "jute is an article which can well bear a special rate of export duty, not only because of the present prosperity of the trade, but in view of the monopoly which India has in this product." He on that occasion dwelt on the special financial needs of the Government of India in view of the liability which had been thrown upon the Government of India by the War. On that occasion the rates of duty which were imposed were Rs. 2-4-0 per bale of raw jute, and 10 annas on cuttings, and for the manufactured product Rs. 16 per ton on Hessians and Rs. 10 per ton on Sacking. These rates continued till March 1917. In March 1917, while presenting the Budget of the financial year, Sir William Meyer proposed to double these rates of duty immediately, and the reason which he put forward was particularly that as India was called upon to pay a contribution of £100 million sterling on account of the War, the Government needed an additional taxation to be raised to the tune of £3 million sterling. He then referred to several items of taxation under which he proposed increases and then coming to the export duty on jute he said:

"Having regard to India's monopolist position in respect of jute production, which enables taxation to be normally passed on to the consumer, we propose to double the rates . . . and then to obtain an additional revenue of £500,000."

These enhanced rates have continued up to the present day, and the total revenue which the Government of India have derived from this source I calculate at 84½ crores, roughly, up to the year which is just closing. It appears that in 1916 Sir William Meyer did not justify this taxation merely on the hypothetical ground that jute was a monopoly commodity of India, but took care to point out the other fact that the trade was in a very flourishing condition. He was not quite sure of his ground. Later, he emphasized the fact that jute was the monopoly of India and on that he based the justification of doubling the rates in 1917. As to whether jute is a monopoly commodity of India is a question that came up for examination by the Fiscal Commission in the first instance, and later before the Taxation Enquiry Committee. The Fiscal Commission discussed this

[Mr. K. C. Neogy.]

question rather casually but the observations which they made with reference to export duties generally would bear repetition on this occasion. This is what they said at page 100 of their Report :

" Only in the case of an absolute monopoly for which the demand is stable can it be asserted generally that the world price will be raised by the full amount of the export duty, and that therefore the whole export duty will be paid by the foreign consumer and none of it by the home producer. An absolute monopoly, however, for which there is a stable demand is of rare occurrence, and it may, therefore, be taken as the general rule that some portion, if not the whole, of an export duty falls on the home producer."

Sir, later, the Taxation Enquiry Committee in paragraph 156 of their Report examined the position and they pointed out "that the monopoly which at present exists would be infringed if an equally cheap substitute for jute could be discovered, or by an extension of the system of bulk-handling of grain."

Later on they went on to observe :

" In spite of the monopolistic character of the product, there exists a possibility that, in certain conditions of the trade, a portion of the export duty may fall on the producer."

Sir, my complaint is that this very important question has not come up for serious consideration at the hands either of the Fiscal Commission or the Taxation Enquiry Committee. But from the observations which were just quoted, from the reports of both these Committees, it appears that they are themselves in doubt as to whether it can be laid down as a general proposition that the export duty on jute is never paid out of the pockets of the consumers. They say that circumstances are conceivable when this duty, instead of being passed on to the consumer, may well be borne by the producer. Sir, what is the position as we find it to-day? As is well known, jute is practically the monopoly of Bengal, so far as production is concerned, and I claim some authority to speak on this subject because it is my part of Bengal that produces a very large proportion of the jute grown in this country. The position as we find to-day is that Government have been making a systematic gain to the extent of Rs. 3½ crores and over every year for some years past. But this does not reflect the condition of the producer at all, for I find that in the jute season which has just closed—and we can find parallels of such seasons even in the past—the cultivator has in many instances not been able to recover even the bare cost of production of jute. There may be instances in which he has made just a slight profit, but in very many cases it can be asserted without fear of contradiction, that the jute producer has failed to recover even the cost of his production. The middleman, the baler, the manufacturer (the foreign manufacturer, as well as the Indian manufacturer), count upon some profit; the Government of India count upon a revenue of 3½ crores. But the producer has not been able in very many cases to recover the cost of production even. I should therefore think that there is something very wrong in the whole system that obtains in regard to this jute export duty. Sir, the Taxation Inquiry Committee referred specifically to the question of the bulk-handling of grains. I understand that in America particularly bulk-handling is gaining ground very considerably. And even in India I am told that grain lifters have been installed as an experiment in certain places. The time may therefore arrive very soon when the Government of India will have seriously to consider whether it will be politic on their part to continue



this export duty at its present high rates. In any case I am sure that it is a misnomer to call jute the monopoly of India. It is a monopoly of India in so far as jute is not grown anywhere outside India; but, Sir, what about the implications of the description that jute is the monopoly of India? One would think that the producer is in a position to dictate prices, or that the producer would at least be entitled to recover his cost; but, as I have already stated, under this system of so-called monopoly the producer is at the mercy of the purchaser. It is a powerful ring that controls the prices in the jute market, and when we find the purchaser to be in the position of a dictator, it is certainly a misnomer to describe jute as the monopoly of India, having regard to the undoubted implications of that description. Sir, while on this point I cannot refrain from observing that this duty is a huge contribution that the Government of India are levying upon the people of Bengal. That itself was a point to which reference was made by the Taxation Inquiry Committee. They say that a considerable increase in the rate of duty involves the likelihood of differential taxation on the people of Bengal. Though no such increase is proposed, the circumstances I have pointed out do make out a case for inquiry as to whether at least a portion of the present export duty, if not the whole, is borne by the producer of that commodity in Bengal. If it is, then certainly I can claim that it is a special item of taxation which the Government of India have been levying upon the people of Bengal. In this connection I would remind this House that while some persons talk of the Province of Bengal as a sort of charity province because of the fact that her annual contribution of Rs. 63 lakhs has been remitted, the fact is that the total amount which the Government of Bengal would be getting under this dispensation for six years would not exceed the amount the Government of India are making out of an agricultural produce of Bengal under this one head every year. Sir, I would further remind the Government of India that, while they have been making this huge profit out of a commodity produced by Bengal, the duty of seeing to the improvement of the cultivation of jute, the duty of seeing to the improvement of the moral and material condition of the jute producer in Bengal is entirely laid on the shoulders of the Government of Bengal. If we had the advantage of the opinion of Mr. Jayakar's lady friend on this case, I am sure she would have as illuminative a criticism to offer as on the system of Dyarchy. Sir, this certainly is not the sort of division of functions that one can approve of. Here you are making 3½ crores every year out of the jute duty and leaving the Government of Bengal to see to the improvement of the cultivation of jute on which alone this huge profit of yours ultimately depends. I therefore appeal to the Honourable the Finance Member for his consideration as to whether in such a circumstance there ought not to be established some sort of a community of interest between the Provincial Government and the Central Government which might act as an encouragement to the Provincial Government to see to the improvement of jute production, giving the Provincial Government a substantial share in the proceeds of this taxation. Sir, in this connection I am reminded of the recommendation made by the Taxation Inquiry Committee that this position might in certain circumstances be enquired into by the Tariff Board. I may add that my principal intention in bringing forward this motion to-day is to draw the attention of the Honourable the Finance Member to the recommendation made by the Taxation Inquiry Committee. I maintain that the circumstances of the jute trade at present obtaining in Bengal do warrant an early inquiry by the Tariff Board into the whole question.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Sir, I had no intention of speaking on this subject, nor had I any idea that a subject of this description was coming up in this Chamber, but I shall avail myself of the opportunity that has come to me by accident to congratulate my friend Mr. Neogy. Mr. Neogy has got local experience of the Dacca Division where he comes from and that is where the Eastern Bengal cultivators are suffering from this difficulty of payment of duty on jute to the Government of India. Sir, we have seen the hardships suffered in the field by these people when they cultivate jute, depicted for us the other day in the cinema at the Elphinstone Theatre; we have seen other examples of their suffering as well. Allow me, Sir, for a few minutes to describe what I have seen throughout my constituency in Bengal. Sir, these poor cultivators who earn their living by the sweat of their brows—these hewers of wood and drawers of water—from morning till evening with great difficulty cultivate the land. Sir, at one time these people were misled—whether rightly or wrongly I will not say. The majority party in this Assembly, the Swaraj Party said—or rather it was the order of Mahatma Gandhi—that the cultivation of jute does not pay the cultivator, so what is the use of cultivating it? They stopped the cultivation for some time. That would mean less payment of duty to the Government of India. But these poor people soon found that there was no use in following the dictates of the Mahatma, because they were suffering in reality by not getting any return from their land by growing other crops as well. They tried the experiment of jute the year before last again after some years. How much did they get? They got nothing, Sir. They spent much more; they laboured hard and the return was very little with the result, that after suffering a great deal in this way they got malaria, epidemics, *kala azar*, cholera and much more sufferings out of the process through which they are to produce jute. Look at the insanitary conditions they live in. Impure water in tanks, foul air, germs of diseases, etc. . . .

**Mr. President:** Order, order! I am afraid the Honourable Member is irrelevant. The question before the House is the export duty on jute.

**Mr. K. Ahmed:** Yes, Sir, and therefore I am asking exactly how are we going to meet the situation. My Honourable friend Mr. Bhore sitting over there, who represents the Agricultural Department, orders a few phials of quinine to be sold through the post offices. And, Sir, is this the return out of those 3' crores of rupees which the Government of India are getting by exploitation? My Honourable friend from Bombay, Mr. Jayakar, yesterday said they are looting, committing dacoity. No, I mean the other friend from the Swaraj Party—Mr. Belvi or Mr. Abhyankar. My Honourable friend had said something like that. I do not agree with my Honourable friend, but, Sir, certainly in this case it is a glaring dacoity, a glaring mischief, that is done in the case of these poor cultivators who get nothing in return for what they do. How much do the Government look after their sanitation, how much do they give in the way of education, how much do they look after their health and what is done for these poor people? You are aware that in Bengal the death-rate is higher than the birth-rate. Year after year you take 8 crores or more in the way of duty. My friends representing the European group are sitting there very (Sir Walter Willson: "Chooop"). very silent. They are, Sir, the middlemen. They are from Calcutta, they are from Manchester, in England, from Dundee in Scotland, and

other places. Piles and piles of jute are exported from India on payment of—how much?—Rs. 3, 4 or 5 per maund to the cultivators. They produce beautiful stuff out of this jute from Bengal in the city of Manchester (*Honourable Members*: “Dundee!”)—yes, Dundee as well and they make money out of it by selling these goods here in India. They export and they import and make money; and that is why, Sir, the Swaraj Party have made it a point to boycott and not to use Manchester goods but to stick to *khaddar*. But, Sir, will the Honourable the Finance Member find next year—I do not know whether he will be here himself—a way to see that such a lot of money is not being looted from the wages of these poor cultivators, who earn their bread by the sweat of their brow, and that they receive something in return. Sir, agriculture is a transferred subject, my Honourable friend Mr. Bore will answer. I know it is the duty of the Bengal Government; but what about the other department of his friend that receives the money. The Government of India has got a very bad machine and this machine, Sir, requires lubricating. There is something more in the way of return needed. I wish to ask them how they can start to show some sympathy to the poor agriculturist. My Honourable friend Mr. Mukhtar Singh was speaking the other day about a certain kind of oil. What is the name? (*Honourable Members*: “Olive oil!”; “Keshranjan Oil!”). No, no, not Keshranjan Oil. That is all pure water! I mean tube wells, sanitation health in rural areas. Not for lubricating the machinery of Government but for improving the villages. . . .

**Mr. President:** Order, order! That ought to be enough. Sir Basil Blackett.

**The Honourable Sir Basil Blackett:** Sir, as one of the hewers of wood and drawers of water who ploughs the sands on behalf of the Government of India, that very unlubricated bad machine, I submit for the benefit of the country, I am being looted, a glaring dacoity is being committed upon me when I am asked to follow the Honourable Member (Mr. K. Ahmed). Sir, if I do not stick to *khaddar* I will stick to jute.

If I may now pass on to the speech of the Honourable Mover I should like to begin by congratulating him on his thoroughly sound economic views on the subject of export duties.

**Mr. President:** Mr. Kabeerud-din Ahmed’s?

**The Honourable Sir Basil Blackett:** Sir, there is a Latin saying which says that somebody who was a ghost at the time was *vox et praeterea nihil*, which means that he was sound and nothing else. I was passing from the ghost to the substantial motion. I should like to congratulate Mr. Neogy on his very sound views on the subject of export duties. The constitution of the United States absolutely prohibits the imposition of an export duty, and if we were living in an ideal world in India I am not sure that I should not advocate the inclusion in the Government of India Act of a prohibition of export duties all round. But if there are any export duties that can be justified I think the export duty on jute is a good case. It is, unlike the export duty on tea which was mentioned earlier to-day,—it is almost certain that no part of it whatsoever is paid by the producer and that the whole of it falls on the consumer. Mr. Neogy suggested that it might possibly be a case where some part of it might possibly fall on the producer; I do not think he went further than that and certainly the Fiscal Commission and the Taxation Inquiry

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Committee do not bear him out in the suggestion that the producer pays. Mr. Neogy ended up with a request that we should refer the matter to the Tariff Board. I think he has misunderstood the recommendation of the Taxation Inquiry Committee on that point. They were considering the possibility of an increase in the duty and they said:

"a considerable increase in the rate of duty involves the likelihood of differential taxation on the inhabitants of Bengal. The Committee do not recommend any increase in the rate of taxation, and in any case a necessary prelude to the consideration of any such increase would be an examination of its effect on trade by the Tariff Board."

The Government of India have no present intention of proposing an increase in the export duty on jute; so that the suggestion that the matter should be referred to the Tariff Board, so far as it is based on the recommendation of the Taxation Inquiry Committee, falls to the ground. The duty is one which to all appearances is paid entirely by the consumer. India is making the consumer, mainly outside India, pay this duty. Mr. Neogy, I think, was not very serious in his suggestion that we should abolish it at an early date.

**Mr. K. O. Neogy:** I did not say that.

**The Honourable Sir Basil Blackett:** I beg his pardon; he did not even suggest that. What he was really after was that he should get at any rate a portion of the proceeds of the duty for the Government of Bengal. Well, Sir, my views on the subject of export duties and the desirability of getting rid of them altogether would be very strongly reinforced if it became the habit of any of the Provincial Governments to impose export duties. I think it would be most dangerous from the point of view of the interest of India as a whole. Mr. Neogy suggests that we should give a part of the proceeds of this duty to Bengal chiefly, I think, on the ground that jute is mainly grown in Bengal; but if it is not the producer in Bengal, but the consumer elsewhere who is really paying the duty. . . .

**Mr. K. O. Neogy:** That is the point at issue.

**The Honourable Sir Basil Blackett:** Then there is no case whatever for Bengal taking the proceeds of this duty in preference to the central tax-payer; and, as I said at the beginning, Mr. Neogy did not go much further than suggest that it was conceivable in certain hypothetical circumstances, which probably do not exist at present, that some portion of the duty may possibly be paid by the producer. He was very wisely wary in his statement to that effect.

**Mr. K. O. Neogy:** But, I said that even the present circumstances do warrant an examination.

**The Honourable Sir Basil Blackett:** He is, I am afraid, now overstating his case if that is really what he said, because I submit that in so far as economic doctrines are true at all—and we have heard the other day that they are generally untrue—this is a clear case where the economic facts show that the duty is and must be paid by the consumer.

On the question whether it is desirable that part of the duty should go to Bengal, the only argument can be, I think, that in connection with the revision of the Meston Settlement, Bengal is entitled to a larger share of the proceeds of taxation, central and provincial, than she gets at present, and that this may provide the means of assisting her. But

that question is not immediately before the House. We are at the stage at present of getting rid of the provincial contributions. This duty brings in something over Rs. 8½ crores each year. It is obvious that the Central Government cannot spare a sum at all approaching that figure either for the purpose of reduction of the taxation altogether or for the purpose of handing it over to the provinces as a whole, still less for the purpose of handing it over to one particular province; and if it is a question of reducing taxation I think that Mr. Neogy would agree that there are other taxes which are more burdensome on the people of India than the export duty on jute, and that they should go first. I submit, therefore, that it is obvious that the time has not arrived either for abolishing the export duty on jute or for handing over the duty in whole or in part to the Government of Bengal.

**Mr. President:** The question is:

“That the Demand under the head ‘Customs’ be reduced by Rs. 100.”

The motion was negatived.

#### *Export Duty on Rice.*

**U. Tok Kyi (Burma: Non-European):** I move that the Demand under the head “Customs” be reduced by Rs. 100.

Sir, last week during the general discussion of the Budget I took up the question of the export duty on rice. But as my time limit was up I could not develop my point. Sir, I will take this opportunity of doing so. Last week I tried to show that the export of rice to the United Kingdom formed a very small percentage of the total export from India and that therefore the export duty on rice has little or no effect whatever on the people of that kingdom. I also tried to show that the export of wheat and tea to the United Kingdom formed a very large proportion of the total export from India. The export duty on wheat has been abolished since 1873, and the duty on tea is about to be taken away this year. I am very glad of that and I hope that all the export duties will go in the near future and I also hope that the export duty on rice too will go. Sir, the duty on rice is injurious to India in general and to Burma in particular. The price of rice half a century ago was very very cheap and the poorer classes were benefited by this. But it has risen enormously during the last fifty years. Sir, I should like to take the year 1873 and the year 1925, a period of little over half a century. During that period, the price of rice has enormously risen in all provinces of India. In the Madras Presidency, at Ganjam, it has risen from Rs. 1·3 per maund in 1873 to Rs. 7·7 per maund in 1925. Similarly in the Bombay Presidency, at Karachi, it has risen from Rs. 2·5 per maund to Rs. 7·2 per maund. In the United Provinces, at Saharanpur, it has risen from Rs. 2·8 to Rs. 8·4. In the Punjab, at Amritsar, the price of rice has risen from Rs. 2·6 to Rs. 8·4. In Bengal, at a place called Rangpur, it has risen from Rs. 1·9 to Rs. 8·3. In Bihar and Orissa, at Cuttack, it has risen from Rs. 1·3 to Rs. 5·9. In the Central Provinces at Raipur, it has risen from Rs. 1·1 to Rs. 5·8. In Assam, at Sylhet, it has risen from Rs. 1·3 to Rs. 7·7. In Burma, at Taungoo, it has risen from Rs. 1·5 to Rs. 5·9. Sir, from these figures you will see that the price of rice has risen all over India and in every province without any exception. It has risen enormously; in some cases it has risen

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three times, and in several others it has risen to the extent of six times. Sir, during the last year, that is in 1925-26, Burma exported 89 per cent. of the total export of rice from India. She is one of the biggest, if not the biggest, rice-producing countries in the world, and yet I come across many a family in what is called the Dry Zone of Burma,—many a family which cannot have a full meal of rice. They have to take rice mixed with jowar, a far inferior food-stuff. Sir, this sad state of things is greatly due, I think, to the export duty on rice. As I tried to show last week, export duties in India at one time were abolished altogether, except the duty on rice. I therefore said then that the history of the rice duty was as black as that of the cotton excise duty. Sir, the Honourable the Finance Member has just stated that in India we are not living in an ideal world. But while we do not expect to be in an ideal state, we do expect that Government should try and make India as ideal a state as possible. Sir, the United States of America have absolutely prohibited the imposition of export duties, and I do not see any reason why India should not follow her example. Sir, I am well aware that the Taxation Inquiry Committee has recommended the retention of the duty on rice. They say that though India has not enjoyed the monopoly in rice, yet the duty that has been imposed all along has not done any injury to the country. Sir, I have tried to show that the price of rice has risen enormously throughout India during the last 50 years, and if in spite of this glaring fact it is contended that the high price of rice can not do any injury to the people of this country, especially the poorer classes, I do not know what else can. Sir, I think that the time has come for Government to give a further and more serious consideration to this question of the export duty on rice.

**Mr. B. Das:** Sir, I had no intention to intervene in this debate, but as my friend U. Tok Kyi has raised the question of high prices of rice, I feel it necessary to say a few words. I could not understand how the removal of the export duty on rice would in any way reduce the price of rice. I rather think that the Government should prohibit completely the export of rice in certain parts of the country, so that the rice grown in these localities may be consumed locally and the prices can be reduced thereby. I will give an instance. I come from Orissa, and my friend just now told the House that the price of rice has risen five times at Cuttack. Sir, while rice is sold at 5 seers to the rupee during the harvest season in British Orissa, in some of the neighbouring Indian States, where the export of rice is prohibited, rice is sold very often at 14 to 20 seers to the rupee, and the people of the neighbouring Indian States do not starve nor suffer from famine. I have also seen, Sir, in the Bombay Presidency in the Kathiawar States, that wherever exports of food-stuffs are prohibited, the people are in a better and more prosperous condition, and there is no starvation, no scarcity nor famine. In this connection I would particularly draw the attention of the House to the case of Orissa which is a perpetual famine-stricken country. There is at this very moment scarcity there due to floods and due to drought, and the people are starving. The Honourable the Finance Member may say that "famine" is a subject within the domain of the Local Governments, but yet the Government of India have adequate powers, and if the Government of India in conjunction with the Provincial Governments can frame rules to prohibit the export of food-stuffs grains and corn from one territory to another territory or even to outside India.

then there would be less famine in India and less scarcity. We all know that the buying power or the purchasing power of the people is greatly reduced, and the 1s. 6d. ratio will reduce the buying power and staying power of the people very much further, and even if the people have money, they will not be able to buy an adequate quantity of food-stuffs owing to high prices, and as prices are raised through export, there is always famine and scarcity in the provinces. I therefore hope that the Government will consider the proposition in a manner so that there will be no export from one province to another province and from India to outside India and thereby bring about a cheap supply of food grains to all and do a great humane act. Where there is famine, let there be no export of food-stuffs.

**Rai Bahadur Tarit Bhusan Roy** (Bengal Mahajan Sabha: Indian Commerce): Sir, I had no desire to intervene in this debate but I really do not understand what my Honourable friend from Burma really meant by saying that the price of rice would go down as a matter of fact if the export duty is removed. I hold, on the other hand, the contrary view. It is a well-known principle of economics that revenue duties should be imposed upon exports of food-grains. That was the position which I took up when I had to appear before the Fiscal Commission. In fact, Sir, the question of export of rice was the theme of an animated controversy in the Bengal Legislative Council and one of my friends, who was an exporter of rice, was against the prohibition of exports. It is a well-known fact that the Resolution of my friend was defeated in the Bengal Legislative Council and we who were in favour of keeping down the prices by prohibiting export of rice from India succeeded then. The imposition of export duties as a matter of fact for revenue purposes would help the public exchequer and its removal will not keep down the prices of rice, as has been put forward by my Honourable friend from Burma. In fact, Bengal exports very largely rice but Burma has the highest figure since they export the largest quantity of rice, and I think it would be better if higher export duties are imposed upon the export of rice for revenue purposes.

Sir, I oppose the motion of my friend from Burma.

**The Honourable Sir Basil Blackett**: Sir, I entirely agree with the last speaker, and with the Honourable Mr. Das, that the export duty on rice can hardly be a factor or a cause of the rise of rice prices. (It is a very difficult phrase!) I do not know that there is anything very much more for me to say. The Honourable Member has not to-day raised the interesting question of Burma's claim to get the rice duty for itself, so I need not touch on that. Nor has he to-day, I think, used the argument that he used the other day that the rice duty fell on the producer in Burma. He did, however, the other day claim that the rice duty fell on the producer in Burma. That is a proposition which I am inclined to dispute. India now contributes approximately 50 per cent. of the total rice exports of the world. Her two chief competitors are Indo-China and Siam which contribute about 40 per cent. Both Indo-China and Siam impose export duties at least as high as the export duty imposed by India. Now, if Indo-China and Siam were to abolish their export duties, then I would admit at once that, if the export duty in India was retained, it would tend to fall on the producer of the export. But so long as the export duty on rice going from India is less than or not greater than the export duty imposed by Burma's two chief competitors, I think it is clear that the duty in all three cases must be falling mainly, if not entirely, on the consumer because you have

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a case of a practical monopoly for which there is a steady demand. I have heard it argued that nevertheless the producer in Burma is paying this duty because, if India were to abolish it and Siam and Indo-China were to retain their export duties, then the difference which the Government lost would go into the pockets of the producer in Burma. That is possibly true but I think the immediate effect of the abolition of the duty by India would be to force Indo-China and Siam to follow suit and then all that would have happened would have been that the consumers all over the world who are at present contributing to the exchequers of Siam and Indo-China and India would be relieved of that charge, and so long as we are not in the happy position of being able to abolish all export duties and so long as there are other taxes which have a claim to our attention in priority from the point of view of the interests of the people of India, I am afraid I can hold out little hope that the export duty on rice is likely to be abolished at an early date.

**Mr. President:** The question is:

“That the demand under the head ‘Customs’ be reduced by Rs. 100.”

The motion was negatived.

#### *Customs policy—Land Frontiers.*

**Mr. K. C. Roy:** Sir, I move that the Demand under the head “Customs” be reduced by Re. 1.

Sir, my Honourable friend, Mr. Rangaswami Iyengar, in his able speech has already referred to the subject of absence of effective land customs frontiers of India. I propose to deal with a small fraction of the problem, and I have no desire, Sir, to go into the details to-day as it is nearly lunch time. I will only call the attention of the House to paragraphs 150 and 152 of the Taxation Enquiry Committee's Report, which refers to the growth of smuggling and that mainly in the neighbourhood of the Western Presidency. In my humble judgment, Sir, this is entirely due to the withdrawal of the Viramgaum line and the creation of a convention which the Government of India agreed to contract with the Indian Maritime States. Sir, in paragraph 150 of the Report, the House will find this stated:

“In some cases, notably that of the Kathiawar States, through which there have been very large importations of goods subject to high rates of duty, such as matches and silks, these conventions do not appear to have fully effected their purpose.”

The Taxation Enquiry Committee, therefore, recommended skilled inquiry into the whole question and I should like to know from the Treasury Bench whether they have accepted this recommendation and what further action they propose to take to stop smuggling and make the convention effective.

#### *Smuggling of Saccharine.*

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadan Urban): Sir, I wish to raise the question of the policy of Government with regard to the smuggling of saccharine on this amendment of my friend Mr. Roy.

**Mr. K. C. Neogy:** He has not moved it.

**Mr. K. C. Roy:** I have moved it.



**Mr. Jamnadas M. Mehta:** He has moved it; his amendment offers an opportunity of reviewing the results of the policy of Government on the saccharine trade in India. Sir, in 1923, the Government raised the duty on saccharine to Rs. 20 a lb. and the result was that on account of this heavy duty saccharine began to be smuggled; smuggling of a very daring character from the frontiers of India supplanted the normal imports of saccharine; the legitimate saccharine trade was paralysed and the Government lost every rupee of revenue which they used to get when the customs duty on saccharine was very low. Turning to the Accounts of the Sea-borne Trade of India for December, 1926, I find that ever since the raising of the duty on saccharine to Rs. 20 a lb. only one pound of saccharine has been imported and the lakhs of rupees of customs duty have been lost. In the course of the previous two years, not a single lb. of saccharine seems to have been imported if this statement in the Accounts of the Sea-borne Trade and Navigation is correct. Sir, honest saccharine merchants in Bombay found that the smugglers were getting the better of Government; particularly from the Pondicherry and Goa side, smuggling was carried on on an extensive scale, and the conclusive testimony of smuggling was that with the duty on saccharine at Rs. 20 a lb. one could buy saccharine in the Bazaars of Bombay at Rs. 4 a lb. Saccharine, Sir, is also used as a medicinal drug. The evil effect of the smuggling was that adulteration of saccharine also went on; Government lost whatever revenue it had got, the honest trader was ruined and the only profitable business about saccharine was that of the smuggler over the Indian frontiers and of the man who took advantage of that smuggling inside the Indian boundary. The matter was brought to the notice of Government by a deputation of saccharine merchants in Bombay. They pointed out various ways and means by which the honest trader could be protected, the revenues of the country could be protected, and the smuggler could be discouraged. But the Government, somehow or other, took no notice of the representations of the trade and of the honest dealer in saccharine. Instead, this time last year they reduced the duty on saccharine to Rs. 5 a lb. in order to try and see whether that would discourage smuggling. But subsequent events have shown that even a Rs. 5 duty per lb. was such a heavy inducement to the smuggler that up till now we do not find that the saccharine imports have improved at all; the matter has been times without number brought to the notice of the Honourable the Commerce Member; in the city of Bombay and Calcutta two people at least who had not a roof under which to live, have built palatial houses and own lakhs of rupees as a result of this smuggling and the benefits derived from smuggling. Attempts were made by us last year to keep the duty at Rs. 20 to protect our sugar revenue and to induce Government to do their duty properly at the frontiers in order to prevent smuggling, but the Government, who are so watchful of law and order when politics are concerned, sleep over their business when the smuggling over the land frontier dared and defied their customs line, and to-day the result has been what I have shown; several lakhs of revenue have been lost, the honest trader has lost his business and the only person who has flourished is the smuggler. Therefore, I think this House should show its disapproval of the policy of the Government by throwing out this grant under "Customs".

**Sir Walter Willson:** Sir, I have only one very short remark to make, which perhaps comes under this grant, as regards the customs policy and land frontiers. I have no intention of detaining the House by repeating the remarks I made the other day on the Budget Debate in

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regard to the importations of sugar at Kathiawar coast ports. The thing is that in winding up the debate the Finance Member entirely forgot to make any reference to that, and if he can do so under this heading, there will be no occasion for me to address the House further on this point.

**The Honourable Sir Basil Blackett:** Sir, the point raised by Mr. Jamnadas Mehta revives the controversy of last year on the question of what was the best means of dealing with the admittedly difficult problem of the saccharine duty. In order to protect the sugar industry a heavy duty on saccharine is unavoidable. All countries of the world have found it extremely difficult, if not impossible, to administer a heavy saccharine duty and various remedies have been chosen. This time last year the Government of India reduced the duty from Rs. 20 to Rs. 5. Mr. Jamnadas Mehta fought very valiantly and with his usual skill against that proposal in favour of an alternative of his own, for which I think we all admitted at the time there was a great deal to be said. But his complaint to-day, I think, is simply that there was bad smuggling of saccharine before the Government made that change. I do not think that he made any point that smuggling is still continuing. It is true that we have not got a large revenue from saccharine since that date but my information is that the complaints of difficulties owing to illicit import, i.e., the smuggling in of saccharine have entirely ceased since the change of the duty. If that is not the case, it may be that the complaints will revive. I have no very great confidence that anybody will completely solve this difficulty but I can assure the House that up to this date at any rate, to all appearances, the action of the Government has met with success and we have had no reason to complain. If Mr. Jamnadas Mehta thinks that there is still reason for complaint Government will be only too ready to look into the complaints and, if necessary, reconsider their policy.

I now turn to the question raised by Mr. K. C. Roy and Sir Walter Willson, i.e., our policy in regard to the land frontiers in Kathiawar. The question of smuggling—I should not say smuggling—the question of the import of goods into British India through the Kathiawar ports has become one of increasing difficulty and complexity. When the arrangement which is now in force was entered into between the Government of India and the Darbars of the States concerned and the Viramgam customs line was withdrawn, it was stated that if the fiscal interests of British India were proved to be in serious danger from the operation of that agreement, it would have to be reconsidered. I am not in a position to say very much as to the action that the Government of India are taking in the matter. We have, however, decided, subject to the consideration of any representations received from the States, to stop free transshipment to Kathiawar ports with effect from April 1st. Other steps are contemplated in the near future, but they involve negotiations with the Indian States concerned and the nature of these steps and the progress of negotiations are not matters which can be discussed with advantage to the progress of those negotiations at this moment on the floor of the House. I should like, however, to add an assurance that the Government will do everything in their power to safeguard the established interests of their own ports while at the same time having due regard to the legitimate rights of the States concerned.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I wish to address a few words regarding what the Honourable the Finance Member has said in the latter part of his speech. I think his statement is satisfactory as far as it goes, but I am sure he realises that the trade of any port, once diverted, takes a very very long time, if at all, to come back to the old position. I need not emphasise the fact that by the policy followed by certain Kathiawar States the prosperity of Bombay, and in fact, the ability of Bombay even to retain her old position, is in great danger. Any delay that may happen hereafter in putting right the wrong that has been done during the last few years is, to my mind, a grave danger to Bombay. But I do not wish to harp only on the question of Bombay. I cannot help feeling that if the inroads that are being made into the customs revenue of British India are allowed to be tolerated the danger is that other Indian States may be encouraged to follow the same line.

I understand from the Honourable the Finance Member that if the fiscal interests of British India are proved to be in danger this agreement with Indian States could be revised. May I venture to ask if he will give the House figures as to the extent of the inroads made into the customs revenue of British India, during the current financial year, or, if he prefers it, during the past year? How much has been imported by these various ports direct? Let me give him a very rough estimate as I have heard it in Bombay, and that is close upon a crore of rupees, if not more, as the loss in customs revenue alone to British India during the current year. The actual loss of such a sum is serious and I submit that it is a figure which ought to make the Government of India think very seriously and take such action as they think possible without the least delay. My motive to-day in addressing the House on the Honourable Member's speech is to ask if he can give us an approximate idea of the time in which the Government of India will arrive at a decision. I do not wish to press him for further discussion on the floor of the House. Unfortunately, this House cannot discuss matters affecting Indian States, but this is such a grave issue that I venture to submit that an approximate idea of the date by which the Government of India propose to come to a decision may be given to us now.

Sir, if it were a question only of diversion of traffic by means which could be justified, one could even have a little patience. The diversion of traffic is by means which, I have no hesitation in saying in the case of some States at least, are far from straight, means which cannot possibly be regarded as justifiable. Why encourage continuation of such methods a moment longer than can be helped? What is happening to-day to Bombay may happen within a few months to some other port. And after all, is it fair to the tax-payer in British India that delay should be tolerated in a matter where the inroads on the revenues of British India go into a crore of rupees? I hope that the Honourable the Finance Member will give us a few figures in the direction that I have indicated and that he will at least see his way to name approximately the period within which Government of India will come out with their decision in order that the spirit of the agreement with the States concerned may be fully observed by both sides.

**Mr. President:** I think it will be more convenient if Honourable Members who desire to speak on these cuts speak before the Honourable the

[Mr. President.]

Finance Member speaks. If any Honourable Member desires that the Finance Member should answer any point made by him, he must catch the eye of the Chair before the Finance Member rises because there is no right of reply when the Finance Member could again speak. In this case, however, I give him the permission.

**The Honourable Sir Basil Blackett:** I was just going to rise and ask if I might make a statement in view of what my Honourable friend, Sir Purshotamdas Thakurdas, has just mentioned. Without necessarily endorsing everything that he said, I have no quarrel with his statement. It is a most important issue, it is an issue that must be decided as quickly as possible. I cannot give at this moment facts or figures, but I am prepared to agree that his estimate of a crore of rupees is not very much wide of the mark as to the figure that we are losing at the present moment. As regards the date, I am not in a position to prophesy, but I am in a position however to promise. I will give this promise that the matter will be decided as soon as I can possibly secure a decision. It would not be useful to attempt an estimate of the date, but, as I have stated, we are taking immediate action to stop transshipment from the 1st April.

**Sir Purshotamdas Thakurdas:** Direct shipment is still in vogue and may increase. What steps will the Government take to stop that?

**The Honourable Sir Basil Blackett:** It will afford some relief, but I recognise that it can only be a comparatively unimportant preliminary step.

**Mr. President:** The question is:

"That the Demand under the head 'Customs' be reduced by Re. 1."

The motion was negatived.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

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The Assembly re-assembled after Lunch at Twenty Minutes to Three of the Clock, Mr. President in the Chair.

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**Mr. President:** The question is:

"That a sum not exceeding Rs. 70,93,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Customs'."

**Mr. M. K. Acharya:** Sir, with your permission I rise to oppose this Demand. I do so not on the ground which was discussed yesterday, namely, of general constitutional advance. That point was discussed yesterday and the vote of the House recorded on it; but there are other grounds on which it is open to this House to oppose every Demand, if they have got, as I think they have, very many and serious grievances against the Executive. It will be open to the House to refuse supplies on every Demand, and it is on that general principle that I want, if possible, to appeal to the Members, at least on this side of the House, to join me in voting against the granting of the Demand that is now before the House.

I have got the excellent authority of no less a personage than Sir Alexander Muddiman himself, who said last year that this principle of the refusal of supplies can very well be raised on this particular Demand of Customs, and as an opinion coming from such a high personage always carries special weight, I will read out what Sir Alexander Muddiman said last year. It was with reference to Mr. Jinnah's desire to take up some other item of the Demands first, and this is what Sir Alexander Muddiman said:

"What he really intends to do is to endeavour to induce the House to refuse supplies and if that is the case, what better opportunity has he got than the Demand under Customs?"

Therefore, here is the opportunity given to us to-day, the Demand under Customs. I trust that every Member, every elected Member, on this side of the House at least, will feel that we have got very many and serious grievances against the Government; and it will be only by way of establishing our own right in trying to get our grievances redressed if to-day we refuse to grant the Demand put before us. I may also add that in 1924 this right was sought to be established in this House when four Demands were successively thrown out. I say that in order to draw the attention of the Government to this principle, as many as four Demands were thrown out in succession . . .

**Mr. President:** Order, order. The Honourable Member knows that debate was allowed only on one Demand, and with regard to the other three Demands they were simply voted down without speeches. The Honourable Member is aware of that fact.

**Mr. M. K. Acharya:** I shall only make a few remarks. I simply said that there was a precedence in this House.

**Mr. President:** I want to warn the Honourable Member that he should not discuss the constitutional issue on every Demand for grants. An opportunity was afforded to the House on the motion of Mr. Jayakar to say everything the House wanted to say on the question of grievances before supplies or on the question of constitutional reforms. But at present we are considering the merits of each Demand. If the Honourable Member wants to throw out every Demand on the constitutional issue he is at liberty to do so by voting it down.

**Mr. M. K. Acharya:** I bow to your ruling, Sir, and appeal to every elected Member to realise that we have got very substantial and serious grievances. Some could have been redressed before, but as that has not been done, I wish, Sir, you had been a little kinder and allowed me to say one or two things. However, I am not going to assume the privileges of the Front Benches but will appeal . . .

**Mr. President:** What does the Honourable Member suggest? Does he suggest that the Front Benchers get greater opportunities and privileges which are denied to the Back Benchers?

**Mr. M. K. Acharya:** I beg your pardon, Sir, I did not mean anything of the sort.

**Mr. President:** Honourable Members should be more careful in the choice of their language.

**Mr. M. K. Acharya:** I simply meant that the Front Benches are certainly better off in getting opportunities to ventilate our grievances; not that they do not always speak on relevant matters.

**Mr. President:** Is it the suggestion of the Honourable Member that the Front Benchers are permitted by the Chair to talk irrelevantly, and that the Chair denies that opportunity to the Back Benchers?

**Mr. M. K. Acharya:** I never said so. I did not mean it—(Mr. K. Ahmed here interrupted but the remark was inaudible at the reporters' table). I leave that to my friend there. That is a part of my friend's work. I was merely appealing to my friends on this side of the House that we have got many grievances and that until they are redressed we should vote down all these Demands.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 70,93,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Customs'."

The Assembly divided:

#### AYES—42.

Abdul Aziz, Khan Bahadur Mian.  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Ahmed, Mr. K.  
Allison, Mr. F. W.  
Ashrafuddin Ahmad, Khan Bahadur  
Nawabzada Sayid.  
Ayyangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha  
Gopalaswami.  
Blackett, The Honourable Sir Basil.  
Chalmers, Mr. T. A.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Dalal, Sir Bomanji.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Gavin-Jones, Mr. T.  
Gidney, Lieut.-Colonel H. A. J.  
Graham, Mr. L.  
Haigh, Mr. P. B.  
Howell, Mr. E. B.  
Innes, The Honourable Sir Charles.  
Jowahir Singh, Sardar Bahadur  
Sardar.

Kabul Singh Bahadur, Risaldar-Major  
and Honorary Captain.  
Keane, Mr. M.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra  
Nath.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir  
Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Rau, Mr. H. Shankar.  
Roy, Mr. K. C.  
Roy, Rai Bahadur Tarit Bhusan.  
Roy, Sir Ganen.  
Ruthnaswamy, Mr. M.  
Sarda, Rai Sahib M. Harbilas.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Yakub, Maulvi Muhammad.  
Young, Mr. G. M.

#### NOES—32.

Abdul Latif Saheb Farookhi, Mr.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sesha.  
Belvi, Mr. D. V.  
Chetty, Mr. R. K. Shanmukham.  
Chunder, Mr. Nirmal Chunder.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Gulab Singh, Sardar.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jogiah, Mr. Varahagiri Venkata.  
Kartar Singh, Sardar.  
Mehta, Mr. Jamnadas M.

Misra, Mr. Dwarka Prasad.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Nehru, Pandit Motilal.  
Prakasam, Mr. T.  
Ranga Iyer, Mr. C. S.  
Sarfaraz Hussain Khan, Khan  
Bahadur.  
Shafee, Maulvi Muhammad.  
Shervani, Mr. T. A. K.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.

The motion was adopted.

## DEMAND NO. 23—INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

**The Honourable Sir Basil Blackett:** Sir, I move that a sum not exceeding Rs. 10,34,06,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1928, in respect of the "Indian Postal and Telegraph Department".

**Kumar Ganganand Sinha** (Bhagalpur, Purnea and the Santhal Parganas: Non-Muhammadian): Sir, I rise to move that the Demand under the head "Indian Postal and Telegraph Department" be reduced by Rs. 1,500.

I want to make it clear at the outset, Sir, that this is a token cut, and when I move this cut I want to express my regret that there is no policy before us upon which we can look with any amount of confidence. We have neither reduction in postal rates nor contented employees nor adequate postal facilities in the rural areas. I do not minimise, however, the earnestness of the Honourable Member in charge of the Department to serve the public. What I regret very much is the fact that he has accomplished practically nothing. In 1924-25 we find there were 19,625 post offices and 49,959 letter-boxes, and these were 162 post offices and 124 letter-boxes more than on the 31st March 1924. The House will see at once in this country with a population of 320 millions, how far the number of post offices and letter-boxes is adequate. So the purpose for which this department exists is far from being adequately served with the present policy of the Department. (*An Honourable Member: "Question."*)

Now, Sir, let us see what is the nature of the administration. I admit, Sir, that there is a greater degree of Indianisation in this department than in other departments of the Government but the administration is by no means economical. It is as top-heavy as other departments, and its employees are equally discontented. I was looking into the pamphlet that has been circulated to us about the action taken on the recommendations of the Retrenchment Committee. I would refer the House to page 93, paragraph 8, of the Retrenchment Committee's Report. The Committee recommended a reduction in the number of officers. It runs as follows:

"The number of officers employed has increased from 414 in 1913-1914 to 679 or by 32 per cent. whereas the number of other staff has only increased by 17 per cent.";

and the recommendation is that the number of officers should be reduced to the level necessary to obtain the same ratio of officers to other staff as that which obtained in 1913-14. But what do we find? We find from the report of the action taken, that the recommendation has been examined and I quote the finding:

"It has been pointed out that the increase of officers includes 44 officers who on revision of pay were automatically classed as such. The balance of 44 includes 17 officers and 15 officers respectively of the new Wireless and Telephone branches in which no reduction is possible. Of the remaining 12 officers 6 have been reduced. No further reductions are possible."

Now, Sir, the explanation of the action taken does not make us wiser than what we were. We are not told how and when the recommendation

[Kumar Ganganand Sinha.]

was examined and by whom, and what were the data on which the enquirers found further reduction impossible. I have no intention of reducing the efficiency of the department, but I suggest that we must know clearly that we have neither more nor less than what is necessary. The Government, as the House is well aware, is notorious for its top-heavy administration in every department and it is one of the duties of the House to raise its voice against such a state of thing. I would again invite the attention of the House to paragraph 9 of the Retrenchment Committee's Report. The Retrenchment Committee says—I will only read the last part of it:

"We think that the figures we have quoted indicate that there is a considerable field for economy in the staff employed in the telegraph offices."

The action that is proposed to be taken with regard to this is as follows:

"The Director-General has shown that the sanctioned strength of telegraphists in 1921-22 was not in excess of requirements. It appears that in making their calculations the Committees did not take into account the authorised portion of telegraphists employed on non-operative duties and the additional leave reserve thereon."

And then after the remark comes the statement:

"A reduction in the strength of telegraphists is being effected as a result of the adoption of a higher standard of output in accordance with the recommendations of the Ryan Committee. The existing surplus is being gradually worked off by restricting recruitment as far as possible."

What do we find after a perusal of the Ryan Committee's Report? We see that the Ryan Committee under the head "Employment of telegraphists on non-operative duties" suggest the replacement of operators by clerical staff. Then under the head "Combined offices"—paragraph 97—it is suggested that the abolition of the small offices will gradually economise the staff of the department and the Committee are therefore of opinion that the policy of converting the departmental into combined offices should be vigorously and consistently pursued. Then in paragraph 109 we see that the Committee are of opinion that the ultimate proposal of 50 per cent. general service and 50 per cent. special service should be the aim of the department and the recruitment so adjusted as to make this proposal practicable. And last but not least they suggest the method, which seems to have drawn the attention of the department. Out of these four methods of effecting economies in the department it appears from the note appended that only one has been resorted to. We have yet to know how the department has dealt with the other recommendations of the Ryan Committee so far as retrenchment in the department is concerned. Further, on page 95, paragraph 10, the Retrenchment Committee recommended economy in the engineering and line staff. It has been said that the question was carefully considered but no reduction has been found to be feasible. Here again, Sir, we do not know what sort of examination was made and why no economies could be effected as recommended by that Committee, because we know that the Inchcape Committee went thoroughly into the question and after giving the matter full consideration recommended those cuts. When the department does not act up to these recommendations, we naturally get suspicious about the jurisdiction or otherwise of not acting up to those recommendations. I have again to draw the attention of the House to page 97. In para. 16 the Committee recommended that outside tenders should in future be



obtained for all large buildings and in this view the Director General concurs. But we have here a long rigmarole in the remarks column of this brochure. It runs as follows:

"Recent experience goes to show that the employment of private agency for the building projects of this department will not as a general rule be profitable. The officers of the department have not the necessary Engineering qualifications in respect of buildings and there are obvious objections to the employment of the P. W. D. on the technical scrutiny of plans prepared by private agency."

This, I venture to submit, Sir, is a very bold generalisation and I for one am not prepared to take it lying down. It goes on further:

"The better class of private firms would not agree to take on work if they knew that they were going to be interfered with by the P. W. D. It has accordingly been decided to entrust original construction works as hitherto to the agency of the P. W. D. or the Military Works as the case may be, except in cases in which the employment of private agency is clearly advantageous."

I do not know what is meant by being "clearly advantageous". That needs some explanation and I await the explanation before I proceed further with this particular matter.

I want also to know what facilities and publicity are given for inviting tenders from private firms and private individuals.

In paragraph 29 a complaint has been made by the Retrenchment Committee about over-printing of postcards and telegraph and other forms. Now I find that no satisfactory reduction has been made under this head in spite of the recommendations of the Retrenchment Committee. The explanation given is as follows:

"It was not found possible to effect this reduction; on the contrary the actual expenditure during 1923-24 exceeded the budget grant of Rs. 12,78,000 by Rs. 38,74,000 which was composed of an excess of Rs. 39,27,000 over the grant for cost of postage stamps and of the saving of Rs. 53,000 in the grant of items of other expenditure."

Now further on it says that the excess of Rs. 39,27,000 is therefore exceptional and non-recurring and he justifies it: I do not want to read that to the House now.

I think I have now brought to the attention of this House some of those items in which I do not think sufficient reduction has been made; and I venture to suggest that more economies could have been effected in this department and the money thus saved could have been spent for purposes for which this department exists, had the Member in charge had a strong will. I will not detain the House longer by narrating the grievances of the postal employees in detail, because I see that cuts have been given to discuss these questions by other Honourable Members of the House. But I cannot but draw the attention of the House to the pay which has been allowed to the postal employees in Bihar. It would appear that whereas in places like Rangoon, Bombay, Karachi, Calcutta, Ahmedabad, etc., the rates of pay vary from Rs. 40 to Rs. 140, the pay of the employees in Bihar is only Rs. 35 to Rs. 120. This is a very grave injustice so far as Bihar is concerned. I suggest that they should get as much as is given to employees in Bengal—that is, Rs. 40 to Rs. 140. The same is the case in Madras and we see this very sort of representation they have made to the Honourable Member."

**Mr. N. M. Joshi:** May I suggest, Sir, on a point of order, whether it would not be convenient for Members to discuss the question of the postal employees under one separate cut instead of its being discussed among several others?

**Mr. President:** What method is convenient for Honourable Members is not a point of order. It is for them to consider what they should do. I should very much prefer that one question is discussed at one time as suggested by the Honourable Member.

**Mr. Chaman Lall** (West Punjab: Non-Muhammadian): May I suggest one thing, Sir? I was not here at the time you called my name; I was locked out, and this is my earliest opportunity of coming in; and if you will allow me to move the cut standing in my name, it would cover all other cuts, and the whole matter could be discussed.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): On a point of order, Sir; I have given notice of a cut on the grievances of subordinate employees. I should like to know if the Honourable Member's discussion of the grievances of postal employees will exclude me from moving my amendment.

**Mr. President:** The point of order will be settled when it arises, not now.

**Kumar Ganganand Sinha:** By way of explanation, Sir, I may make it clear to the House that what I am discussing is the policy of the department and I have made it clear in the beginning of my speech that the policy pursued by the department is beneficial to none, and that the discontent of the employees is one of the aspects. If the item of the grievances of the subordinate employees is excluded by the mere fact of my referring to it, then I shall leave it to those Honourable Members who have taken special pains to study this subject, and I shall refer to one or two other points.

**Mr. President:** The Honourable Member has already taken ten minutes on that point.

**Kumar Ganganand Sinha:** Then, Sir, I think I should leave this question to other Honourable Members to discuss, and I resume my seat.

**Mr. President:** The question is:

"That the Demand under the head 'Indian Postal and Telegraph Department, (including Working Expenses)' be reduced by Rs. 1,500."

The motion was negatived.

**Mr. Chaman Lall:** I have also given a cut for . . . .

**Mr. President:** I am afraid I cannot allow the Honourable Member to go back to previous amendments now.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadian Rural): I beg to move that the Demand under the head "Indian Postal and Telegraph Department (including Working Expenses)" be reduced by Rs. 1,500.

**Mr. President:** Does the Honourable Member wish to raise the question of reduction of postal rates?

**Mr. Amar Nath Dutt:** Yes, Sir.

**Mr. President:** That is relevant under the Finance Bill, and not under this Demand for Grant.

**Mr. Amar Nath Dutt:** I beg to submit, Sir, that this is one of the grievances which I want to bring to the notice of the Front Benches by a token cut. I am not going to move any amendment that the postal rates should be reduced from one anna to half an anna and so on, but I am simply laying before the House the grievances of the people of this country owing to the high postal rates . . . . .

**Mr. President:** The proper occasion to raise that question is when the Finance Bill comes up, and not now.

**Mr. Amar Nath Dutt:** If I may be permitted to say so, Sir, this is a sort of censure on the department for not lowering the postal rates.

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): May I speak on the point of order, Sir? I do not quite understand whom the Honourable Member wishes to censure. The question which has been raised at the present moment is with reference to the legislation passed by this House. And, Sir, I may say that your predecessor on a previous occasion refused to allow the question of postal rates to be discussed in connection with a cut in the Demand for Grants. I would refer, Sir, to the Legislative Assembly Debates, Volume V, Part III, pages 2295-96, and also to page 2108. I may also mention, Sir, that the practice is the same in the House of Commons, and I would refer in this connection to May's Book, page 538, where it is stated that the administrative action of a department is open to debate, but the necessity for legislation and matters involving legislation cannot be discussed in Committee of Supply.

**Mr. Amar Nath Dutt:** On a point of order, Sir. I beg to point out that under section 67(2), we cannot bring in any legislation for reducing the postal rates. Therefore, we have to take this opportunity to censure those Government officials who administer the Postal Department. Of course, my friend need not be perturbed by our censuring the visible symbol of the bureaucracy who administer the Department.

**Mr. President:** The Honourable Member knows that the department administers the particular Act which this Legislature has passed and it is open to Honourable Members to amend that Act when the Finance Bill comes. The Honourable Member wants to censure Government for not reducing postal rates. That can be done only by the amendment of the present Act. You cannot censure Government for collecting postal rates sanctioned by legislature.

**Mr. K. O. Neogy:** May I say a word, Sir . . . . .

**Mr. President:** After the ruling is given the Honourable Member cannot have a word.

**Mr. K. O. Neogy:** I did not know that the ruling had been given.

**Mr. A. Rangaswami Iyengar:** I do not propose to move my cut,\* Sir.

*Dearth of Post Offices in the Chota Nagpur Division.*

**Mr. Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadan): I also have given notice of a cut under this head . . . . .

**Mr. President:** Is it passed over?

**Mr. Ram Narayan Singh:** Yes, Sir.

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\*"That the Demand under the head 'Indian Postal and Telegraph Department (including Working Expenses)' be reduced by Rs. 1,500."

**Mr. President:** Then the Honourable Member should have risen from his seat when Mr. Amar Nath Dutt was called. A Member must protect his rights.

**Mr. Ram Narayan Singh:** I had risen from my seat, Sir, but unfortunately I failed to catch your eye. I did rise before Mr. Amar Nath Dutt was called. I have given notice of a separate amendment but I do not know why it has been bracketed with that of my friend Mr. Kumar Ganganand Sinha.

**Mr. President:** If the Honourable Member says that he had risen when Mr. Amar Nath Dutt was called, I should allow him to move his amendment.

**Mr. Ram Narayan Singh:** I move that the Demand under the head "Indian Postal and Telegraph Department" be reduced by Rs. 1,500. Sir, in moving this reduction, I have to lay before this House and the Government certain grievances of my constituency. In the speech which the Honourable the Finance Member delivered the other day, he said that "the Postal and Telegraph Department, as the House is aware, is treated not as a profit-earning institution but as an organization whose energies are directed to supplying postal and telegraph facilities to the general public". Sir, in his speech he says that it is an organization for supplying postal and telegraph facilities to the general public, but in my constituency, I find there is a dearth of post offices. In several areas there are no post offices at all. Within a distance of 40 to 50 miles, there is only one post office . . . . .

**The Honourable Sir Bhupendra Nath Mitra:** Sir, item No. 43 has already been disposed of. It was put to the vote and negatived, and I don't see . . . . .

**Mr. President:** That item consists of two amendments each for Rs. 1,500.

**Mr. Chaman Lall:** May I ask, Sir, having gone on to No. 45, can we go back to No. 43 again? May I have your ruling, Sir?

**Mr. President:** Yes, the Chair has the discretion.

**Mr. Ram Narayan Singh:** Within a distance of 40 or 50 miles, as I said before, there is only one post office. The result is that the postal peons have to walk sometimes 20 to 30 miles at a stretch to deliver letters, and therefore sometimes letters are not delivered at all. In certain places there are police stations, District Board hospitals and schools, but in those places even there are no post offices, and this I say as regards all the five districts of Chota Nagpur Division, and not only as regards one or two particular districts. I hope, Sir, that the Government will kindly consider the interests of the people and extend the necessary postal facilities by opening more post offices for the benefit of the people there.

**The Honourable Sir Bhupendra Nath Mitra:** Sir, I think the House will be interested to know that in the last two years we have been taking vigorous action in the direction of extending postal facilities in rural areas. I shall not waste the time of the House by dilating on this point, but I shall place before them some salient figures. The number of post offices at the end of 1915-16 was 19,500, the number at the end of 1924-25 went up to 20,280. I should like at this stage to make it clear that the figures include both permanent and experimental post offices, experimental post offices being started in the first instance in rural areas. Now, Sir, in 9

years, therefore, the growth amounted to only 780. In 1925-26 the figure went up to 20,930, that is an increase of 650 in the year. At the end of 1926-27 we hope to increase the number to 21,700 or an increase of 770 in one single year. The position, therefore, is this, Sir, that in the current year we hope to have an increase of 770; last year we had an increase of 650; and in the two years together we shall have an increase of 1,420 against an increase of 780 in the preceding 9 years. I hope, Sir, the House will admit that this is a sufficient advance in the rate of progress. The other day also, Sir, in answer to a question from my friend, Mr. Ram Narayan Singh, I placed on the table of the House a copy of a circular which was issued by the Director General, I think, in October 1925, in which Postmasters General were asked to pay particular attention to this matter, and also to an increase in the number of village postmen wherever the need for it was established. Later on, in May, 1926, a further circular was issued to the Postmasters General to draw up a five years' programme of development in rural areas, and that programme will be discussed at the next annual conference of Postmasters General. Well, that I hope, Sir, will make it clear to the House that I am fully alive to this need for development of postal facilities in rural areas and we have done a good deal in that direction last year and in the current year.

**Mr. President:** The question is:

"That the Demand under the head 'Indian Postal and Telegraph Department' be reduced by Rs. 1,500."

The motion was negatived.

*Low salaries of postal clerks, peons and subordinate services and inadequate pensions to retired subordinates.*

**Mr. T. Prakasam** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): I move, Sir, that the Demand under the head Indian Postal and Telegraph Department be reduced by Rs. 1,500.

The salary paid to postal clerks is very inadequate generally speaking. Coming to Madras, an invidious distinction has been drawn between Madras and other cities in India with regard to the gradation of their salaries, and there is no reason for such distinction. The prices are high. People in Madras are not differently constituted from those in other provinces and there seems to be some misapprehension, I do not know how it started and who was responsible for it, that people in Madras could live on much smaller amounts than in other parts of the country. It is a matter on which much argument need not be advanced. I hope that this distinction between Madras and other cities would be removed by the Honourable Member in charge of this Department. Coming to the case of the postal peons who do work from morning to morning and on whose labours the whole department is based, their salary is very small when compared to the salaries paid to persons in so many departments at the top who do very little. There are four lower grades, lower than peons. The men of these four classes in the Madras Presidency are poor people who get very very small sums and their case deserves special attention.

With these words, I move my amendment.

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I wish also to associate myself with the cut which has been proposed by my Honourable friend Mr. Prakasam. Sir,

[Maulvi Muhammad Yakub.]

the postmen and lower grade staff, both in the Post Office and the Railway Mail Service, have legitimate grievances against the Department. With the spread of education and the development of cities, the postal work has considerably increased but the postmen staff remain almost stationary. Necessarily they have a very hard time of it in the performance of their duties. The increase of the postmen staff is a matter that requires the attention of the Honourable Member in charge of the Post Office. It is very unfortunate that nothing is going to be done for the postmen staff and sorting postmen except in a few select places. The lower grade staff of the Post Office and the Railway Mail Service, as a whole, do not get anything. The pay of the Superintendents has been increased; the pay of the Inspectors and selection grade appointments has been increased. But those who require improvements of pay most have been left in the lurch. In this country, things are topsy turvy and no wonder therefore that improvements of pay should begin from the top. The postmen are a highly deserving class of servants on whom the efficiency of the postal service very largely depends. The Postal Committee of 1920 Reports, *vide* page 5:

"The postman to be qualified for his work must have some knowledge of the script of at least two languages, one being English, that his duty involves considerable pecuniary responsibilities. He is in fact in a small way a cashier: valuables and cash are entrusted to him, he has to render a daily account, to furnish security and to make good loss. The responsibilities of postmen in India are greater than those of postmen in England. In England the postman is not required to pay money orders to their payees, but here in India they are required to pay money orders from payee to payee. The postmen have to go round a large area carrying with them money and insured and registered articles in all circumstances."

The case of the village postmen is worse still. In addition to the troubles of postmen, they have to serve many villages and remain out of headquarters for one or more days. They are required to carry stamps for sale and receive registered letters like branch postmasters by granting receipts. Their functions are somewhat like a travelling post office, as appropriately remarked by the Postal Committee of 1920. The scale of pay of village postmen is the same as the postmen of the locality. Who is to pay the extra expenditure necessarily incurred while they are out of headquarters? I would urge the Honourable Member not only to consider the question of pay but also of giving them travelling allowances to compensate them for their extra expenditure. Then, Sir, as has already been pointed out, the small increment of pay which has been granted to the postmen in the Madras Presidency is in no way sufficient. I understand that there is a great deal of heart-burning among the postmen in Madras. I have in my hand a copy of the Resolution which was passed recently by the All-India Postal and R. M. S. Union, Madras. The Resolution runs as follows:—

"This meeting of the Madras City Branch of the All-India Postal and R. M. S. Union notes with great disappointment and much concern that while the clerical time-scale of pay of every station in India and Burma has been or is proposed to be improved beyond the original time-scale fixed by the Postal Enquiry Committee of 1920 by increasing the maximum in all stations and the minimum in several stations, Madras City alone has been singled out for not only no improvement in the maximum but for an actual reduction of even the original inadequate minimum of Rs. 45 to Rs. 40, and earnestly requests the Government to reconsider the case of Madras City and to remedy the serious injustice done to Madras City alone, in view of the high cost of living and house-rents prevailing in the Presidency-town of Madras and to sanction

immediately for Madras City the same scales of pay as for Calcutta in accordance with the recommendation of the Postal Enquiry Committee of 1920, as no new factors have arisen since 1920 to warrant the fixation of a lower scale of pay for Madras City than for Calcutta while, on the other hand, the cost of living, etc., in Madras City has been steadily increasing since 1920."

This shows that the postmen in Madras are not satisfied with the increment which has been given to them and their case deserves further consideration.

Now, Sir, while discussing the question of the salaries of these postmen I would like also to say a few words about the pay of the Railway Mail Service postmen and sorters. Before 1920 the average pay of the Railway Mail Service sorters was higher than that of the local post office clerk. In an evil moment the Postal Enquiry Committee placed the Railway Mail Service sorter on a lower level. Since then the matter has been represented to the Government fully, and Sir Geoffrey Clarke, the late Director General, Posts and Telegraphs, promised that the pay of the Railway Mail Service would be made equal to that of the local post office. Unfortunately this has not yet been done, and great dissatisfaction and discontent prevail in the Railway Mail Service.

The next point is about the uniforms of the postmen. Another serious complaint which the postmen have against the Government appears to me to be very legitimate. In very costly and unhealthy places, where the clerical staff receives compensatory allowance, the postmen are denied it. The postmen and other subordinates in such places require as much consideration as clerks. Will the Honourable Member take up this question and remove this legitimate grievance?

Last year a sum of Rs. 2,50,000 was sanctioned for house rent allowance to be paid to postmen and lower grade staff. May I inquire what amount has been spent out of the amount allotted? The house rent allowance sanctioned is in itself too low a rate. In Calcutta it is Rs. 5 a month and in Madras Rs. 3. The Honourable Member knows the conditions of Calcutta and he will not probably challenge the correctness of my statement when I say that even a room in a tiled hut cannot be had at less than Rs. 8 per month in Calcutta. In Madras Rs. 3 is paid for house rent. I shall not be wrong when I say that a room is not available in that city for less than Rs. 5. The house rent paid at some mufasil stations is miserably low and requires reconsideration by the Honourable Member. There again, what justification can there be to pay house rent allowance with effect from October 1926? The clerks received increase of pay from March 1926, and why should, in the case of postmen, the payment of house rent allowance be delayed till October? Can the Honourable Member deny that the whole amount of Rs. 2,50,000 has not been spent? What then is the difficulty of paying house rent from March 1926?

I am sorry to have to note that the Railway Mail Service is not receiving the same treatment as the Post Office. In certain places house rent allowance has been paid to postmen and inferior servants in the Post Office but it is denied to mail guards and the inferior servants of the Railway Mail Service stationed at those stations.

If Honourable Members would look into the annual report of the Director General of Posts and Telegraphs they would find that a number of postal runners are annually killed by robbers and wild animals and many more are injured. What encomiums have not been bestowed upon the runners by the successive Directors General for their

[Maulvi Muhammad Yakub.]

loyalty to the service and devotion to duty? The pay of this class of postal servants is Rs. 12, 18 or 14. Considering the hardest and most hazardous kind of work which they have to perform this scale of pay is certainly miserable, very low and inadequate. The question of adequately increasing the pay of runners should receive immediate attention. The case of inferior servants in the Post Office, such as packers and mail peons, and in the Railway Mail Service, such as van peons and porters, is equally urgent. They have no holidays and they are not entitled to leave with full pay and they have to work 365 days in a year. The scales of pay for inferior servants in general in the Post Office and the Railway Mail Service are not what they should be considering the long hours of duty and the responsibilities of their work. Their case is as urgent and their grievances as legitimate as those of the postmen, village peons and runners.

I expected that a sympathetic officer like my Honourable friend Sir Ganen Roy would first relieve the distress of the lower paid staff, but I must confess I am disappointed. There you have before you grievances which are legitimate and pressing and you have deferred them till next year. I ask, Sir, how the Honourable Member can justify this?

In conclusion, I must remark that I am very much disappointed to find that no increment has been given to the postmen and the low-paid post office servants in my province, the United Provinces, and perhaps in Delhi also they have received no increment. I hope that the case of the United Provinces postmen and low-paid servants will also receive due attention at the hands of the Post Office.

With these remarks I associate myself with the cut.

**Mr. Chaman Lall:** Sir, I would at the outset request you to give me your ruling as to whether I would be in order not only in referring to the pay and prospects of subordinate servants in the Post Office but also of those employed in the Telegraph Office. I understand the cut to mean that we are expected to discuss the policy of paying low salaries to postal clerks, peons and subordinate services and inadequate pensions to subordinate retired officers. Does that relate merely to the Post Office or does it also relate to the Telegraph Office? With due respect I would urge that since we are discussing the matter of policy we should be enabled to discuss the entire question on this cut in order that there may be no separate discussion in regard to a matter which is very much alike to the matter of the grievances of the postal employees. If I have your permission, Sir . . . . .

**Mr. President:** Ordinarily I should ask Honourable Members to confine themselves to the question raised, but if there is the general desire on the part of Members and there is no objection on behalf of Government to have the wider question discussed, the Chair has no objection.

**Mr. N. M. Joshi:** May I say, Sir, that it is not really a wider question. They are all employees of the Postal Department.

**Mr. Chaman Lall:** I take it that the Honourable Member in charge is not disagreeable to the course that I have suggested, namely, the question of the subordinate employees of both the Departments being taken together.

**The Honourable Sir Bhupendra Nath Mitra:** I have no objection.



**Mr. Ohaman Lall:** I will not follow my Honourable friend, Maulvi Muhammad Yakub in merely reading the circulars which have been handed in to us in regard to the grievances of these employees except one circular which I think is of such great value that it ought to go down into the records of the debates of this House. The circular that I intend to refer to deals with the family budgets of postmen in Bombay. It has been alleged on many an occasion recently that the prices of all commodities have gone down and that wages have gone up and that therefore the employees, both in Government service and in other services, are very much better off. I desire on the floor of this House to challenge that statement, and I will challenge it not from facts and figures that I myself might have collected, but from facts and figures that have been placed before the public by Government officials themselves. If Honourable Members will turn to Appendix 46 of the Currency Commission's evidence, they will find a memorandum by the Honourable Sir Basil Blackett, and I want to ask Government whether they are not convinced that that memorandum is absolutely incorrect, whether it is not a fact that there was an arithmetical error in computing the amount of real wages that have been increased during the last few years in India, whether the figure given, namely, the figure of 169 per cent., as increase in real wages over 1920 is not an incorrect figure and whether it is not a fact that the real figures are these. In 1921, the wages went up by 119 per cent. In 1923, the wages went up by 121 per cent. In 1925, they went up not by 169 per cent. but only by 123 per cent. Along with that I want Honourable Members to consider the exact increase in the prices of all commodities in India during last year. The latest official figures that I have before me are contained in the Indian Trade Journal, and when I looked at these figures I discovered that the increase of prices of all commodities as late as January 1927 was 143 per cent. for all commodities. It is obvious that instead of the Government claiming or the millowners claiming that prices have been reduced in this country to such an extent as to give a bonus to workers, as a matter of fact the prices have gone far beyond the capacity of the average wage-earner to meet his requirements. The fact is that, whereas the prices of all commodities have gone up by 143 per cent., the real wages have gone up only by 121 per cent. If this is a fact, I claim that a conclusive case has been made out for granting an increase, particularly to the subordinate services. I say that it is no use the Honourable Member in charge or the Director General of Posts and Telegraphs coming to us and saying, "Oh, these people are very well paid. The delivery peon gets Rs. 32 a month. That is ample for him." I asked the other day a question of the Honourable Member in charge of Industries and Labour—I asked him this, if you are satisfied with Rs. 6 a month as a decent pension to pay to a delivery peon, will you bring down the pension of the Director General of Posts and Telegraphs to Rs. 6 a month and try if he can live on it? I must protest against the callous manner in which such highly paid officials treat the subordinate workers in their departments. They must show a little more sympathy. They must be a little more human. An Honourable Member the other day was talking about a machine being soulless. I know that the machinery of Government is soulless. (*Lieutenant-Colonel H. A. J. Gidney: "Heartless."*) My Honourable friend, Colonel Gidney, says that it is heartless. We do know this that it has no heart when it deals with the lot of subordinate employees, but that it has a heart which beats two hundred to the minute when it discusses the emoluments and prospects of the higher services. (*Lala Lajpat Rai: "Lee Commission."*)

[Mr. Chaman Lal.]

The family budgets that I want to place before Honourable Members are of certain postmen in Bombay and I take the first man. This is a really most instructive document that I hold in my hands, because Honourable Members will be able to discover from it whether it is not a fact that these men, these postmen are living in utter penury, that they are getting into debt year after year, and whether it is not a fact that this corroborates the statement made in 1921 by Mr. Joseph Baptista that 90 per cent. of the postmen in Bombay were in debt ranging from Rs. 20 to Rs. 2,000. (An Honourable Member: "The same is the case in Madras.") An Honourable Member says the same is the case in Madras. I have no doubt about it and I have not the slightest doubt that the same is the case all over India. I have not the slightest doubt that it is the same story everywhere and that the Honourable Member in charge and the Director General of Posts and Telegraphs who are responsible for this state of affairs are perhaps unwillingly showing utter callousness towards the lot of these subordinate employees. The first one is Mr. Shankar Anaji Naik, Postman, Mandvi P. O. Pay:—Rs. 45 plus Rs. 7 House rent allowance. Place.—Shantaram Chawal, Mughbhat Cross Lane, Girgaum, Bombay. Family:—Himself, wife, a 15-year old son, 2 daughters, 9 and 2 years old. 5 in all.

	Monthly expenses. RS. AS. PS.
1. House rent . . . . .	9 5 0
2. Rice 1 Phara 2 paylies (at Rs. 9 a phara) . . . . .	10 2 0
3. Patri 4 paylies (at 8 annas a payli) . . . . .	2 0 0
4. Tur Dal, 1 payli . . . . .	0 10 0
5. Gram Dal 2 seers (at 2 annas a seer) . . . . .	0 4 0
6. Potatoes 2 seers (at 2 annas a seer) . . . . .	0 4 0
7. Chawli 2 seers, masur 2 seers (at 2 annas a seer) . . . . .	0 8 0
8. Wal 1½ seers (at 3 annas a seer) . . . . .	0 4 6
9. Wheat 3 paylies (at 10 annas a payli) . . . . .	1 14 0
10. Ghee 2½ seers (at 14 annas a seer) . . . . .	2 3 0
11. Fuel 3 loads (3½ maunds a load, at Re. 1-6 annas a load) . . . . .	4 2 0
12. Sweet oil 4 seers (at 4 annas a seer) . . . . .	1 0 0
13. Coconut oil 6 seers (at 4 annas a seer) . . . . .	1 8 0
14. Kerosine oil 2 bottles (at 2 annas 6 pies a bottle) . . . . .	0 5 0
15. Onions 12 seers (at 9 pies a seer) . . . . .	0 9 0
16. Cocoanuts 30 (at 10 a rupee) . . . . .	3 0 0
17. Spice, etc. . . . .	1 8 0
18. Vegetables at 3 annas daily for 20 days . . . . .	3 12 0
19. Fish twice a week, 6 annas each time . . . . .	3 0 0
20. Mutton twice a month, 6 annas each time . . . . .	0 12 0
21. Salt 1 payli . . . . .	0 3 0
22. Tea, half a pound . . . . .	0 10 0
23. Sugar 6 seers (at 0-1-9 a seer) . . . . .	0 10 6
24. Milk 6 seers (at 6 annas a seer) . . . . .	2 4 0
25. Tea, etc., while on duty daily 2 annas (4 Sundays excepted) . . . . .	3 4 0
26. Coarse sugar 2 seers (at 2 annas a seer) . . . . .	0 4 0
27. Doctor's bill . . . . .	3 0 0
28. Going to and coming back from Native place once a year Rs. 40 . . . . .	3 5 4
29. Washerman . . . . .	0 12 0
30. Barber . . . . .	1 4 0
31. Tram and Railway travelling occasionally . . . . .	0 8 0
32. Guests and religious festivals . . . . .	1 8 0

	Rs.	As.	Ps.
33. Soap for washing clothes 2 bars (at 6½ annas a bar)	0	13	0
34. Bathroom soap	0	4	0

(Laughter.) I do not want Honourable Members to laugh at this. This is really a serious matter and I want Honourable Members to pay more attention to it.

35. Son's School expenses				Daughter's school expenses			
	Rs.	As.	Ps.		Rs.	As.	Ps.
Fees	3	4	0	Fees	...		
Books and Stationery	2	0	0	Books and Stationery	0	4	0
Tiffin	1	0	0	Tiffin	0	8	0
Total	6	4	0	Total	0	12	0

7 0 0

### 36. Clothing—

#### DAUGHTERS.

1 Umbrella	2	0	0
2 Shirts, Re. 1-0-0 each	2	0	0
4 Jackets, 10 annas each	2	8	0
4 Frocks, 6 annas each	1	8	0
Total	8	0	0

#### SON.

2 Pairs of dhotars, Rs. 3 each	6	0	0
4 Shirts, Re. 1-4-0 each	5	0	0
2 Coats, Rs. 3-0-0 each	6	0	0
1 Cap, Rs. 1-4-0 each	1	4	0
2 Pairs of sandles, Rs. 1-8-0 each	3	0	0
1 Umbrella	2	0	0
Total	23	4	0

5 15 8

#### SELF.

2 Pairs of dhotars Rs. 4-0-0 each	8	0	0
3 Shirts, Rs. 1-4-0 each	3	12	0
2 Coats, Rs. 4-0-0 each	8	0	0
1 Cap	0	12	0
2 Pairs of sandals, Rs. 1-8-0 each	3	0	0
Total	23	8	0

#### WIFE.

2 Saris, Rs. 7-0-0 each	14	0	0
4 Khans, Rs. 0-12-0 each	3	0	0
Total	17	0	0

Total yearly 71 12 0

Total monthly expenses 78 8 0

[Mr. Chaman Lall.]

I want the Director General, Posts and Telegraphs, who will retire on a handsome pension of Rs. 9,999-15-9, etc., etc.,—I want him to look at these figures and tell me in all seriousness whether this is not a shameful state of affairs, whether he can claim efficient labour from men who are weighed down by the claims of creditors, from men who do not know how to make both ends meet, from men who have to feed a family of 4 or 5 members on a salary of Rs. 42 a month in a city like Bombay? The Honourable Member has lived in the city of Bombay, and so have I, and I dare say he knows that to keep a donkey or a horse in Bombay would cost nothing less than Rs. 35 a month for stabling charges (*Several Honourable Members*: "More.") Mr. Jayakar says that it would cost more. He ought to know. I have never been able to afford a horse in Bombay, but he is in a position to keep horses. Are you going to treat your workers worse than animals by underpaying them, by sweating them, by making them live these degraded lives and go year by year under the spectre of disasters that will follow? Are you going to continue like that, when on the one side you have your poor men paid like this and on the other you have your upper grade officers paid handsome salaries and handsome pensions? There is no justification for this. I will not go on to read other statistics which I hold in my hand, but I have given Honourable Members a typical case of what is happening in a city like Bombay. If the Honourable Member wishes to read other pathetic stories of a similar nature, I can make a present of this pamphlet to him.

So much for the Bombay postal peon. But I come now very much nearer and I come to the delivery peon, the man who works for 24 hours whenever there is an urgent telegram for Honourable Members announcing the birth of a son, or a betrothal, or a marriage (*An Honourable Member*: "Why not a death?") comes in the heat of the day or in the cold of the night and delivers his telegrams. And what does he get? I have been told that his average emoluments come to something like Rs. 32 a month. Now I dispute the correctness of that figure because the average is not Rs. 32. But granted that the average is Rs. 32. I have here another family budget which was prepared at my instance here in the city of Delhi when I got these men together and said, "Now give me a family budget so that I can tell your boss in the Legislative Assembly how you live, and ask him to give me his family budget to show how he lives." This is the family budget of a telegraph peon, the man, his wife and three children, five persons in the family:

	Rs.	A.	P.
Atta . . . . .	5	0	0
Rice . . . . .	3	0	0
Ghee . . . . .	4	0	0
Dahl . . . . .	2	0	0
Firewood . . . . .	4	0	0
Spices . . . . .	1	0	0
Tobacco . . . . .	2	0	0
Vegetables . . . . .	2	0	0
Barber . . . . .	1	0	0
Dhoby . . . . .	2	0	0
Sugar . . . . .	2	0	0
Tea . . . . .	0	4	0
Milk . . . . .	4	0	0
Kerosene oil . . . . .	1	0	0
Total . . . . .	34	4	0

Just for the bare necessities of life. Adding to this his clothing and miscellaneous expenditure, the whole lot comes to Rs. 34 *plus* Rs. 15, that is Rs. 49 per month. This represents the bare necessities of life, the bare living expenses which can enable this man to keep body and soul together. And what does he get? As I said to the Honourable the Director General of Posts and Telegraphs, he gets Rs. 32 a month. And I am told he is well paid for his work! Now I ask the Honourable Member, is it not necessary for the Government to institute a searching inquiry into the economic condition of these subordinate services, to ascertain whether they are living on the starvation level or being well treated? I myself have seen telegraph peons coming to me in the middle of the night, on rainy days, I have seen them soaked to the skin, and what does the Honourable Member do for them? A warm coat twice a year, not even a mackintosh, not even an umbrella, when they have to do this arduous work in all seasons and at all times. Sir, there are no doubt examples of what the Government would be willing to do for the upper superior services. We know what they have been able to do, and we know also what they have not been able to do for the subordinate services.

There is one other point I want to deal with, and that is the condition of the mechanics and mistryes, and what is known as the exchange cooler. All these people are suffering from acute economic distress, and I mention these various classes because I desire that the Honourable Member who is in charge of the Department of Posts and Telegraphs should take the earliest opportunity to deal with the just and legitimate grievances of these people.

I am not going to weary the House by dealing with the other grievances that have been brought to the notice of the Honourable Member in charge time and again, but there is one matter, and that matter so important in the province of the Punjab that I take the liberty of mentioning it in connection with the grievances of the subordinate staff. The other day I received a letter which was marked "Confidential" and it brought to me memories of what happened last year when I gave notice of certain questions relating to the Punjab, relating to the manner in which the Punjab Post Offices were being run by the gentleman who is now in charge, Mr. J. T. Booth, and I remember the day when the Director General, Posts and Telegraphs, came to me and asked me to withdraw those questions, and in pursuance with his request I did withdraw them. What were those questions? The questions related to certain circulars which had been issued by this gentleman, Mr. Booth, in the Punjab, regarding the employment of certain Hindus in certain jobs in the Punjab. I do not know whether it is the set policy of the Government to so divide the communities as to create animosities between the two communities, but nothing would have been more calculated to create animosities between the two communities than mischievous circulars of this nature. I noticed later on that the Leader of the Nationalist Party, Lala Lajpat Rai, himself took this matter up and had some sort of conversation with the Director General. I do not know the result but the grievance is that according to this circular Mr. Booth has prohibited the recruitment of Hindus, and we were assured by a reply to a question by Lala Ram Saran Das in the Council of State that the orders of this gentleman have since been cancelled. I want to know from the Honourable Member in charge whether it is correct that those orders have been cancelled. Nobody will accuse me on the floor of this House of showing any partiality to one individual

[Mr. Chaman Lall.]

belonging to one community as against another. To me they are all alike, and I want justice done to them all. I must protest against the invidious distinctions which are drawn by officers of the Government and of the injustice that is done to one community through a false sense of doing justice to another community. If the circulars have not been withdrawn and if action has not been taken as regards the matriculation passed and intermediate passed recruits in the services, I hope the Honourable Member in charge will have them withdrawn. There has been a legitimate sense of grievance in the Punjab owing to the activities that I have referred to of the Postmaster General there. I do not wish to say anything more of the activities of this gentleman, but I do hope that Government will take note that there exists a sense of grievance in the Postal Department of the Punjab, and that measures will have to be taken to put an end to it.

I have nothing more to add except one word, and that is this. The Honourable Member over there, who is about to retire from his post of Director General, Posts and Telegraphs, will be well advised to take the earliest opportunity before he does retire of doing justice, the barest minimum of justice, to these subordinate servants both in the Telegraph Office and in the Post Office.

**Mr. C. Duraiswamy Aiyangar:** Sir, I do not wish to sit silent when the question of the grievances of the Madras postal employees have been placed before this House by my friend Mr. Prakasam. Sir, I do not discuss the policy but the impolicy of making a distinction between the Madras employees and similar employees in other provinces. This morning I brought to the notice of the House and the Honourable the Finance Member the position which the customs employees occupy who are in the same predicament. So far as the postal employees are concerned, I even attempted some private negotiations with the Honourable Sir Bhupendra Nath Mitra to see if he could not do something for them. In fact I agreed with him that I would even change the tone and language of my speeches in pleading for the cause of these poor employees and I only wanted mercy from him, and I even agreed that, if he could not raise the minimum, he should increase the maximum and by adding one rupee more raise the increment and enable them to reach the same goal as the similar employees in other provinces. But to-day, Sir, Mr. Prakasam has placed the same question before the House and I do also want the Honourable Sir Bhupendra Nath Mitra to make some encouraging statement in relation to the condition of these employees. Sir, it is no good to say that a similar distinction is made in other departments also. The Honourable Sir Bhupendra Nath Mitra knows better than any other that there is a world of difference between the work of the persons employed in the Postal Department and of other Departments. A careful calculation has been made by the postal employees themselves as to how many years more of service they render than those who render service in other departments within the same period of 80 years by calculating the number of hours they are made to work more than the employees in other departments. That calculation, Sir, gives 17 years more within the space of 80 years. They steal 17 years more from them, which means they cut short the life which God has given them by so many years. Sir Bhupendra Nath Mitra stated in Simla at a meeting in 1920 that the Postal Department is unpopular and their

duties are harder than the duties of the clerical establishments. Knowing as he does the position and that the lot of the employees in the Postal Department is worse than that of those employed in other departments, why should he not put up a plea before his colleagues that they should be placed on the same level as the employees in other departments? I would ask him to give us the statistics of how many postal employees have lived after their service, to receive their pensions and ask him to compare those statistics with the statistics of those who draw pensions from other departments. I think it would be very rarely that the postal employee survives his life in the department. When we speak of holidays there is always the question whether it is also a postal holiday. A postal holiday is therefore a rare phenomenon, and we find that on days on which we enjoy holidays, the postal peons do not enjoy them. But, Sir, I would not be satisfied, at least so far as this department is concerned, with the argument that in Madras living is cheaper than it is in other provinces. I mentioned this morning that the cost of living in Madras is not one whit less than the cost of living in other Presidencies. If it be so and the Honourable Sir Bhupendra Nath Mitra or the Director General of the Post Office thinks that the cost of living in Madras is cheaper than it is in other provinces, I would recommend the Director General of the Post Office to change his office to Madras and live there and draw a lower salary. That is the true test of saying Madras is cheaper than other provinces. Therefore, Sir, on behalf of these employees, I ask Sir Bhupendra Nath Mitra to give a word of encouragement. It would not cost more than probably a lakh of rupees if the arrangement I have proposed is agreed to of raising their maximum and giving them an increment of one rupee more than what has been already provided for. Sir, I also thank Maulvi Muhammad Yakub, though he is not here, and it is much better to thank one in his absence, for the cause he has pleaded for the Madras employees, and I expect some favourable gesture from the Honourable Sir Bhupendra Nath Mitra and the Director General of the Post Office.

**Mr. A. Rangaswami Iyengar:** Sir, I do not want to add to the appeals made to the Honourable Sir Bhupendra Nath Mitra in regard to the hard lot of postmen and of postal subordinates, particularly in my province, because I know that Sir Bhupendra Nath Mitra's sympathy is already assured on behalf of all people who have been in service working as hard as he has done in service. Sir, my appeal, on the other hand, is to the other hard-hearted department of the public service, the Finance Department, which has taken up in this matter an attitude, as revealed this morning, against which I am bound to protest. The Honourable Sir Basil Blackett, in dealing with the similar proposition this morning, said that their difficulty is that, so long as the Madras Government would not raise its minimum scales of pay for these poor clerks, their hands were bound by the action of the Madras Government. Sir, it seems to me preposterous that the Central Government should say, "We are going to copy the bad example set to us by the Madras Government, but we are not going to give them lessons in a good example." Sir, far from the Madras Government's proposition being a case which should tempt other people to follow in their footsteps, it is a case for the Central Government to pull up the Madras Government for not doing justice to the clerks in their departments whose sufferings are equally acute. I do not want to say anything further than that I protest against the principle that the scales of pay of these clerks should be determined by the several

[Mr. A. Rangaswami Iyengar.]

provincial administrations and that the idiosyncracies of a particular administration should actuate the Central Government in determining the policy of what is a minimum wage in each province. A minimum wage is a minimum wage, and is its equity going to vary as the Lord Chancellor's foot? I say it is a very hard thing for the toiling postmen and others. The only other matter I want to draw attention to is the grant already provided by the Standing Finance Committee in respect of an increase in emoluments. Full effect has not been given to the proposals and I think it is hardly fair that the Government should make a saving on a grant which the Standing Finance Committee has already agreed to. I hope Sir Bhupendra Nath Mitra will fight for this and obtain justice.

**Lala Lajpat Rai:** Sir, I only want to make one observation and that is that I whole-heartedly associate myself with the statements made by my friends on behalf of the grievances of the postal employees in general and also with the statements made by my friend Diwan Chaman Lal on behalf of the Punjab postal employees. I think I should add one more appeal to the Honourable Member in charge, that it is high time that other provinces should get the benefit of the talents and efficiency of the gentleman who has for some time past occupied the high office of the Postmaster General, Punjab. He is so unpopular and has made the lives of the Punjab postal employees so bitter and miserable that I think his talents and efficiency may be utilised in other provinces by rotation, rather than that he be confined to the Province of the Punjab.

**Mr. N. M. Joshi:** Sir, it was two years ago that a Resolution was moved in this Assembly about the grievances of the postal employees. Sir, during the course of that debate the Honourable Sir Bhupendra Nath Mitra promised to inquire into these grievances personally. I am glad, Sir, that during the last two years he has devoted at least some of his valuable time to make personal inquiries into the grievances of the postal employees. I am also glad, Sir, that during these two years he has succeeded in doing something to remove these grievances. On behalf of the postal employees I offer sincere thanks to the Honourable Member for what he has done. But, Sir, although the postal employees are very grateful to him for what he has done the postal employees are not yet satisfied. He has so far only done something for the clerical grades, but as far as the postmen, the runners and inferior servants are concerned not much has been done. I am aware that in this year's Budget he has provided some money for increasing the salaries and house rent in some cases of postmen in Bombay, Calcutta and Rangoon; but, Sir, that is not quite enough. In the first place what he has done is only confined to Bombay, Calcutta and Rangoon. The postmen, inferior servants and runners in other places are waiting, and I am sure he will take up this matter very early and will not allow much time to pass before he does something for the postmen and other inferior servants of the Postal Department. Sir, the grievances of these people are many, but as several Members have already spoken about them I do not wish to narrate them but there are one or two points on which I would like to speak.

The first point is about the conditions of pension and leave of the inferior servants. Here the real trouble is that these inferior servants unfortunately cannot get any improvement as regards pension and leave



simply because it is said that there are inferior servants in other departments also and unless the other departments move one cannot move. But, Sir, is there any machinery by which we can make all the departments of the Government of India move in this matter? I have been speaking about menials and inferior servants for the last six years in this House, but unfortunately I have not yet succeeded in finding any way by which I can induce the whole machinery of the Government of India to make some improvement in the prospects of inferior servants generally. Sir, I therefore appeal to the Honourable Sir Bhupendra Nath Mitra that he should himself take up this matter of inferior servants with the other departments and tell them that the inferior servants of the Postal Department cannot tolerate the conditions in which they live and he as the head of that department will not tolerate those conditions to go on. Unless the head of one of the departments takes up this matter the case of the inferior servants is not likely to be taken up by anybody. Sir, there are many big officers and heads of departments in this House but I have not seen one of them talking about the position of the inferior servants under them. When we had the Lee Commission we heard the grievances of the superior service, but who is there to speak on behalf of these inferior servants. They get a pension of Rs. 6 a month. They do not get privilege leave unless they find somebody to work for them and unless they pay his salary. Is this a right position that only when a man can provide a substitute he should get privilege leave? Is it right that a man who cannot make any saving on his pay should not get pension according to the rules on which other employees get pension? If an inferior servant gets a salary of Rs. 20 according to ordinary rules of pension he should get a pension of Rs. 10, but he get Rs. 6. And that too not after 25 years' service but after 30 years. If he serves 20 years he does not get anything. Now is it a right thing that when people belonging to the superior service get some pension after 10 or 15 years' service a man who belongs to the inferior service should not get any pension unless he puts in a service of 30 years? I therefore hope that the Honourable Sir Bhupendra Nath Mitra will take up this matter with the other departments, if necessary, or take his courage in both hands and make a change of rules in his own Department.

Sir, there is one more point upon which I would like to touch. This year the postmen of Bombay, unlike the postmen of Madras, the United Provinces and the Punjab, have been given some increment in their salaries. Their salaries are fixed at Rs. 30 minimum and maximum Rs. 50 with an annual increment of Re. 1, so that in 20 years they get Rs. 50. They also get a house rent of Rs. 8-8-0. Now, Sir, my suggestion to the Honourable Sir Bhupendra Nath Mitra is that, as he has done something for them, he should do a little more. He gives the postmen Rs. 48-8-0. I suggest to him that he should give them a minimum of Rs. 40. He gives them a maximum of Rs. 58-8-0, I suggest to him that he should give them Rs. 60 as the maximum. Then, Sir, as regards the postal readers and other grades in Bombay he has created a grade from Rs. 60 to Rs. 100 with an annual increment of Rs. 2. Now, Sir, if a postman can rise to Rs. 100 at the end of his service as a head postman or a reader, I shall be quite satisfied; but unfortunately when a postman begins on Rs. 30 he takes 20 years to reach his maximum in the postman's grade. Then if he wants to reach the maximum of the other grade, that is from Rs. 60 to Rs. 100, he will take another 20 years more. It is impossible, or at least it will be very rare, for any postman to reach the

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highest grade after serving 40 years. I therefore suggest to the Honourable Member that the rate of annual increment in the case of readers and head postmen should be increased from Rs. 2 to Rs. 4, so that it will be possible for a postman to reach the maximum of Rs. 100. Then, Sir, there is one more matter. It is said that the maximum salary of a postman in Bombay must be kept less than the minimum salary of a clerk. That seems to me to be the accepted principle of the department. Sir, I protest against this principle. What is the connection between the maximum pay of a postman and the minimum pay of a clerk, I cannot understand. If a postman serves for 30 years and gets Rs. 65 why should a clerk who enters the department in that year or has served only one year complain about it or should feel that some indignity has been put upon him on that account? I therefore think that if the department has made that a principle, the principle should be given up at an early date. No clerk I am quite sure will complain that his dignity suffers simply because a postman in that post office gets a little more than he gets. Sir, such things happen in other branches of various departments. A man belongs to the Imperial service—many people here belong to the Imperial service; I think they start on Rs. 500 or Rs. 600; while many people in the provincial service draw Rs. 800 or Rs. 1,000. I am quite sure they do not complain about this. And if not, why should the Honourable Sir Bhupendra Nath Mitra think that a clerk in Bombay will complain if a postman gets Rs. 65 simply because the clerk starts on Rs. 60? I therefore hope, Sir, that if that principle has been accepted by the Postal Department, it will be thrown overboard because I feel that there is no real reason behind it.

The other day I asked a question about wireless operators, and I was told that there was only one Indian wireless operator. I do not know exactly how many operators there are; but I know that we are spending lakhs of rupees on wireless, and unfortunately the Honourable Sir Bhupendra Nath Mitra told me that out of some fifty operators—I do not remember the exact number—there is only one Indian. Now, Sir, I am told that the posts of these wireless operators are to be filled by ex-service soldiers. I have great sympathy with ex-service men; but it is necessary that with regard to ex-service men pertaining to our army, we should pay them something out of the army estimates and with regard to ex-service men belonging to England, England should pay for them. I therefore hope that the Honourable Sir Bhupendra Nath Mitra will take up this question seriously and remove the grievances of Indians that they cannot get posts as wireless operators simply because there are some ex-service men who have to be employed or simply because the superior officers in that department cannot put confidence in Indians. Sir, if the Government of India is to be run and if the departments are to be Indianised, you have to appoint Indians as wireless operators and as officers and in every grade. The time has gone by when you could keep out Indians out of any grade in any department. I therefore hope, Sir, that the Honourable Sir Bhupendra Nath Mitra will take up this question at an early date and make an improvement.

Before I close, Sir, I want to say one word. The Postal Department is making huge profits year after year. I do not say that the Telegraph Department or the Telephone Department is making profits. Sir, the Government of India are making huge profits out of the Postal Department; They make losses on the other two departments. Last year's

profit on the Postal Department was Rs. 21 lakhs and every year before there has been a report of Rs. 20 lakhs, of Rs. 25 lakhs or Rs. 30 lakhs. I am quite sure if the Government had followed the wise policy they are now following in the Railway Board of having a reserve fund, they could have got out of the Postal Department a reserve fund of some crores of rupees; but unfortunately that money is wasted in making good the losses on the Telegraph and Telephone Departments. Sir, it is always the case that the Post Office has been giving a subsidy to the Telegraphs and to the Telephones, because the subsidy is given ~~not~~ to poor people but to richer people. Telegrams are not used by the poor people; telephones are not used by the poor people; therefore the Postal Department must make profits every year to meet the losses in the Telegraphs and Telephones. There are influential people ready to make a row about the rates of telegrams and telephones and so these rates must be brought down. There cannot be losses on the postal services; there must be profits on the postal services and those profits must be utilised to maintain a cheap telegraph service and to maintain a cheap telephone service. Sir, I think it is preposterous. If any subsidy, any bounty is to be given it must be given to a department that is used by poor people and no bounty should be given out of the poor people's money to maintain a department which is useful only for rich men—at least so far as telephones are concerned there is absolutely no justification for giving any bounty out of the money belonging to the Postal Department. I cannot understand why the telephone services should not be made paying. As a matter of fact my opinion is that even the postal service must be made paying; I can understand giving a small bounty to open a new post office in a village, but I cannot understand why any bounty should be given out of the poor people's money to maintain a telephone service or to maintain a telegraph service. I therefore hope, Sir, that the Honourable Sir Bhupendra Nath Mitra will take this question in hand so that there will be enough money for him to remove the grievances of postal employees.

**Mr. N. C. Kelkar:** Sir, the limits of the debate on this particular cut have been widened from the postal runner to the wireless operator, and therefore I may as well make few remarks on the one or two specific matters which I want to raise about this department, so that I may save myself the trouble of speaking again on the cut which stands in my name. The specific matters which I wish to raise are about three or four. First of all there is the question of the people in the administrative offices; secondly, the new scale of pay and how it works; and the effects of revision as between postal and telegraph employees, and lastly, the Bombay city postmen.

With regard to the first item, namely, the administrative offices men, the Member in charge of course knows all the facts that I may have to place before him; but for the information of the House I may as well state a few facts very briefly. There are two classes of people under this head with whom I want to deal. First of all, the time-scale men who start with a minimum of Rs. 60 and rise to a maximum of Rs. 160 by an increment of Rs. 4 or Rs. 5. Now, what is their demand? I will content myself with stating the demand, and when it is seen that the demand is not very exorbitant it will at once be allowed that it should be granted. The demand is that the minimum should be Rs. 70 <sup>rising</sup> by increments of Rs. 10 to Rs. 240 for non-qualified men, Rs. 90—10—240 for people who have passed certain examinations, and can be called

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under-graduates, and Rs. 110—10—240 for graduates. I have been told that in the Secretariat graduates are actually given this minimum, and therefore it stands to reason that in these administrative offices which practically stand on the level of the general secretariat the same privileges should be given to the employees at the beginning and at the end.

Now, the second class of men with which I wish to deal is the selection-grade people. Their scale is Rs. 145—5—170, Rs. 175—10—225, Rs. 225—15—350, with a compensatory allowance of about Rs. 10 or Rs. 20. Now, their demand is that the appointments on pay higher than the time-scale pay should not be less than 18 per cent. of their total appointments and the pay should be raised for the highest grade from Rs. 450 to Rs. 600 by increments of Rs. 80. I must admit that I am not competent to judge of the merits of this last claim, but the demand seems to be based upon a comparison of the pay and prospects of the superior subordinates in the Secretariat and this particular Postal Department. In this matter the Director General is said to have stated that the men have made out no case, but a representation was subsequently made to His Excellency the Viceroy and an officer was deputed, I understand, to investigate the merits of the claim. The report has been made, I also understand, but the contents are not yet made known to the public. But an unfavourable inference seems to be drawn, because no provision has been made for an amount to cover the demand in the current Budget for any increase.

Then, Sir, I pass on to the new scale of pay. In this connection, first of all, there is the case of Madras employees which has already been touched upon, and I shall not dilate upon it and take the time of the House. I will only say that I entirely associate myself with what has been said on behalf of the Madras employees whose minimum instead of being increased has been actually cut down by Rs. 5. It seems, Sir, a very hard case on its own merits, but there must be sufficient ground for making an actual reduction, and I hope the Honourable Member in charge will in his reply deal at length with the topic and justify the decrease.

The second point is about the general complaint. The Madras complaint is a special complaint, and there is also the general complaint that serious anomalies have been created by the new time scale. Now, the effects of the new scale form a source of complaint both ways. One complaint is that it is made applicable to cases in which it ought not to be made applicable, and the other complaint is that it is not made applicable to cases in which it ought to be made applicable. Now, the first of course happens to be an exceptional case. There may be very few cases coming under that head, but such cases do exist, and the Postal Union with whom I happen to be associated have stated the position clearly thus:—

“The new scales have not the same periods of rise from the minimum to the maximum as those scales applicable to second class and certain 1st class head offices, ‘so that strictly speaking, stages in one or other cannot possibly correspond and transfers between such scales cannot really be governed by the point to point principle’. If so, what is the pay that such transferred men are to get? The Accountant General’s office itself could not solve the riddle and, therefore, it says it has been decided provisionally to fix pay on the new scale at the stages the Government servant would have reached had his whole service been spent on that scale in accordance with the criterion laid down in the Government of India letter No. 132-P. W., dated the 16th January 1922. This means that a man transferred from D scale to Poona will get more pay than that

had he been from the beginning of his service, why, even more than what his contemporary in Poona is entitled to. Strangely enough, a man in the D scale may get an unexpected lift over a clerk in the C scale, although the latter scale is further improved. By collusion and by securing temporary exchanges, many officials would reap benefit."

That seems to be the specific complaint relating to anomalies which happen in the case at least of transferred men.

The second complaint of course is a general one, and it is that the point to point system, though it is now inaugurated and made applicable to all future entrants, is not made applicable to the present incumbents, or at any rate, though it is made applicable to the present incumbents, it operates in an injurious manner in their case, and not so much in the case of new entrants. It means, in short, that the people who are already in the service and have put in a long period of service have to suffer—no, I don't put it that way—but they will not get the benefit which they ought to get in comparison with the new comers. By way of making a specific proposal, therefore, I would say that, taking the whole period of service, say as 25 years, it should be cut up into three parts, and advance increments should be paid in each of the three periods according to a certain scale. In the first 8 years, I may suggest, that one advance increment of Rs. 5 may be given, so that the present anomaly may be removed. In the second 8 years' service, I propose an advance increment of Rs. 10 may be given, because that would be sufficient to remove the anomalous effects; and in the third 8 years' period and over, three advance increments of Rs. 15 may be given. That, I suppose, will make up the difference. Now, in 1920, when a revision was made this point to point scale was actually applied subject to an increase of 50 per cent. In 1924, again, when the revision of the Bombay Central Telegraph Office staff was made, such advance increments were actually given. Therefore, there is no reason why even in the present case in order to remove the anomalous effects of the new scale, advance increments should not also be given to these classes of people to whom I have referred.

Then comes the question of the effects of the revision, or, say, the relations between the Postal and the Telegraph Department. This subject has already been dealt with by my friend Mr. Joshi, and he has already indicated that with Government the Telegraph Department is a kind of a "pet", and the Postal Department is a kind of drudge or a servant who ought to do service to the elder brother, as he called it, of the Telegraph Department. I will just show by way of comparison of figures how the two departments are treated by Government as a matter of fact. Now taking the two departments together, what do we find? Under non-voted, the increase between 1925 and 1927 has been 44 per cent. The figures of non-voted expenditure for 1925 are 8 lakhs and odd, non-voted expenditure for 1927, 11 lakhs and odd. That gives a difference of 44 per cent. Then voted expenditure for 1925-26 is 9 lakhs and odd, voted estimated expenditure for 1927, 10 lakhs and odd,—an increase of slightly over 9 per cent. So both together have an increase of 9 per cent. But what is to be marked is this, the increase of 44 per cent. under non-voted and an increase of 9 per cent. under voted. An increase of 44 per cent. under non-voted necessarily means, as I read it, an increase in the salaries and allowances of the higher officers, because these are non-voted, and the voted figures show the salaries and allowances of the lower staff. Now, taking the Postal Department by itself, we find that the postal voted expenditure has increased only 9 per cent.; and under telegraph expenditure it has

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increased by 20 per cent. This of course is not a case of voted and non-voted, but we take the two departments together for comparison, and the point is that the Telegraph Department has been treated more favourably than the Postal Department. But what is the revenue yielded by these two departments to Government? The cost of the telegraph branch has in three years increased by over 20 per cent., while the cost of the Post Office has increased only by 9 per cent. During the same period the Telegraph Department has been working at a loss and in the year 1927, the loss is estimated to come to 21 lakhs, while in the Post Office a surplus of 21 lakhs is estimated. In one department there is a surplus, while corresponding to that there is a deficit in the other department. And yet, the House has seen the difference in the increase incurred in the two different departments.

Now, as between the employees in the Telegraph Department itself, there is a subtle distinction made between one class of people and another class, and here we find that house rents are paid to the higher officers, and not to the lower class, though house rents are sanctioned for them. The scale of pay of the general service telegraphist is Rs. 80—250 with a house rent allowance of Rs. 50 for telegraphists with ten years' service or less and Rs. 60 for telegraphists of over ten years' service. The remuneration is therefore Rs. 130—300 for telegraphists of ten years' service or less and Rs. 140—310 for telegraphists of over ten years' service. The remuneration of postal clerks is generally Rs. 35—135 and Rs. 40—140 and in a very costly place like Bombay it is Rs. 60—160. So on an average it will be found that a telegraphist is paid twice as much as the postal people. Now, there are two reasons generally adduced for the special and preferential treatment given to the telegraph people. One is that they are liable more to transfers. But my information is that except in very large towns the postal people also are equally liable to transfers. The other excuse is that the telegraphists have got technical instruction and education which is not possessed by the postal people. Now, in this matter, I would put before the House just one small consideration. Now, what is a telegraphist after all? One can imagine what services he renders. His education is not technical in a very great sense. I do not know whether he has got himself anything to do about the duty of opening the telegraphic machines; because, as I understand, if there are repairs required, the inspector comes round and puts the matter right as a rule. But even supposing some small knowledge, technical knowledge, of the machine operated is required, the same is the case with the mufassil postman who has also to do the duty of a telegraphist. Therefore, in my opinion, the merits do not differ at all. And looking to the duty itself, what do we find? Here is the telegraphist to whom a form is handed with certain words written upon it and he has only to operate the machine as a typist operates upon his machine. In my opinion, it does not require a very large amount of skill nor is it responsibility in a real sense. Now, look at the other man. The Sub-Postmaster, for instance, what are his duties? He has, I suppose, to attend to a hundred kinds of onerous duties, different duties, for he comes at every moment in contact with people who are insistent, very urgent in their claims and at once go to the higher authorities when their demands are not satisfied, and so on. The one man, the telegraphist, has nothing to do with any body. The form is written and handed in, and like a typist he sits and does the operating work. I do not know what will be yielded by a

comparison between the hours of duty of the two sets of people, but I have got some information on that point, and while I do not wish to enter upon that topic, I do strongly protest against the claim made on behalf of the telegraphists. The claim is made on behalf of the telegraphist, that he is a man with a greater technical knowledge and the postal man does not possess technical knowledge. I assert on the contrary that in point of real responsibility, monetary responsibility, and responsibility arising out of all manner of points of contact with the public generally, the Sub-Postmaster or the postal subordinate has got more onerous duties to perform as compared with the telegraphist. Of course, the opinion of the Member in charge himself has been quoted and I suppose he will not go back upon that opinion.

Now, I have got here a calculation made. Of course, I do not regard it as very accurate but that calculation shows that taking the whole service, 25 or 30 years' service, one man puts in so much as 17 years of more service on the whole. That I suppose is calculated on the basis of hours of duty, the holidays enjoyed and not enjoyed, and so on. But I do not attach much importance to that because it seems to be a kind of fantastic calculation. But it has got its lesson. You may not accept the whole calculation, but there must be some ground for complaint that the postal man is on the whole more hard-worked than the telegraphist.

Then I come to the recruitment to the Telegraph Department. And here it will be at once seen that the Telegraph Department is a kind of a pet of the Government, and the Department is practically meant for one class of people rather than another. If I have misstated the facts, of course I may be corrected; but my information is that recruitment at present is made only through Anglo-Indian schools and Mission schools. I definitely assert that, on the information I have in my hand, recruitment to the Telegraph Department is not general, is not by any competitive examination as there are no prescribed qualifications laid down for it, but is restricted only to a particular kind of schools, say Mission schools or Anglo-Indian schools. Now, I really do not see the propriety or the fun of Government restricting its recruitment, the whole of its recruitment, to particular schools, Anglo-Indian schools and Mission schools. And what does Government do? They actually send their own men to give instruction to the students in these schools side by side with the general education they receive there. It is the duty of the Mission schools and of the Anglo-Indian schools to give them general education, and for their convenience, so that they may receive this special instruction on the spot, side by side, Government send their own instructors to the schools and into the bargain pay to these schools at the rate of about Rs. 100 to 125, or Rs. 90 per student for the services rendered by the schools by way of giving general instruction. Now, the specific complaint and the more aggravating complaint in my opinion in this matter is that, apart from this injustice done to the general class of people who may want to enter this service, and apart from the injustice that recruitment has been restricted practically to one particular class of people rather than another, there is this further complaint, that Postmasters who are already doing telegraphist's work in combined Post and Telegraph Offices in the mofussil, if they want to enter the telegraphic line, are not allowed to do so. I should like to know the reason why? Should not people who are already doing good service in one department of Government be allowed to get themselves transferred, after, I submit, of course, such severe tests as may be necessary, into the Telegraph Department?

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The very fact that these people like to make a claim upon the Government that they should be transferred to the Telegraph Department means necessarily that the prospects in the one department are necessarily higher than in the other. My contention is borne out by the very claim that the postal people make that they should be allowed to be transferred to the Telegraph Department. Therefore, I really want to know from the Member in charge what excuse is there for this special method of recruitment? For what reason is this special and preferential treatment given to this Telegraph Department as contrasted with the treatment given to the Postal Department?

In conclusion, I would say one word which may come upon the Member in charge as an agreeable surprise; and it is this, that the Unions with which I am associated have specially asked me to convey to the heads of this Department their gratitude for what has been done for the department during the last six years. I myself have been an independent witness of what has been happening in this Department in the way of satisfying claims from the appointment of the first Postal Committee. I have been in touch with this and I find, after all, that the heads of departments have not entirely shut their eyes to the situation. They are doing what they can and it is only in the assurance that reasonable representations are being listened to that further representations are made. If that was not the case these people would have gone their own way of getting their grievances redressed. But I can assure the heads of the department that a kind of contentment prevails in the department and that they are satisfied in a way, up to a certain degree, with the treatment that is being given to them. Further, I have seen the friendliness of spirit which prevails between the subordinates and the heads of departments, say, the Superintendents and the postal people. I happened to preside at an annual conference of these Unions and I saw with my own eyes the Postal Superintendents of Circles and the subordinates under them, both coming together, and discussing things in a friendly spirit without fear or favour, and I was happy to be an intermediary between the superior and the inferior. (Hear, hear.) It is in this way, by bringing the employers and the employees together in personal contact, that the problem can be solved, and I wish greater and greater success to the efforts of this department in that line. At the same time, however, the claims that I have put forward remain unredressed and I press them with all the force at my command.

The Assembly then adjourned till Eleven of the Clock on Friday, the 11th March, 1927.

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# LEGISLATIVE ASSEMBLY.

Friday, 11th March, 1937.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### RIGHT OF JUDICIAL APPEAL ENJOYED BY EUROPEAN BRITISH SUBJECTS FROM THE INDIAN COURTS.

841. **\*Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state if the Imperial Government contemplate to make any change in the right of judicial appeal at present enjoyed by the Britishers from the Indian Courts?

**The Honourable Sir Alexander Muddiman:** Government have no information on the subject.

### APPOINTMENT OF VAKILS AS CHIEF JUSTICES OF HIGH COURTS.

842. **\*Khan Bahadur Sarfaraz Hussain Khan:** Is it a fact that under section 101 of the Government of India Act Vakils and Pleaders of the High Courts are debarred from being made permanent as Chief Justice and that the Secretary of State for India proposes to make an amendment in it, so as to remove this disability? If so, what progress has been made in this direction?

**The Honourable Sir Alexander Muddiman:** Sub-section (4) of section 101 of the Government of India Act has been interpreted to mean that the permanent appointment of Chief Justices of High Courts is confined to barristers and advocates referred to in clause (a) of sub-section (3) of that section. The question of amending the law so as to make Vakils and Pleaders eligible for such appointment has been referred to the Secretary of State, but it is uncertain when legislation will be undertaken.

**Khan Bahadur Sarfaraz Hussain Khan:** When will legislation be undertaken?

**Mr. President:** It is uncertain, the Honourable the Home Member has just said.

**Mr. B. Das:** Sir, is it not a fact that the late Justice Sir Chandra Madhab Ghose of Calcutta was made Chief Justice of that High Court?

**The Honourable Sir Alexander Muddiman:** I think he was an Acting Chief Justice.

### TOTAL PAYMENTS MADE TO THE CONSULTING ENGINEER TO THE STATE RAILWAYS DURING 1925-26.

843. **\*Mr. T. C. Goswami:** (a) Will Government please state the total amount of money paid to the Consulting Engineer to the State Railways on all accounts during 1925-26?

(d) Are Messrs. Rendel, Palmer and Tretton the Consulting Engineers? When were they appointed?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The attention of the Honourable Member is invited to the reply given by me on the 15th February 1927, to part (a) of question No. 408, asked by Diwan Chaman Lall.

(b) Yes. Since 1881, when Sir Alexander Rendel, personally, was appointed Consulting Engineer to the Secretary of State. The personal appointment was altered to the appointment of the firm as such in 1914.

#### SINDHIS AND NON-SINDHIS EMPLOYED ON THE NORTH-WESTERN RAILWAY.

844. **\*Mr. Harchandrai Vishindas:** Will Government be pleased:

(a) to give details of non-Sindhis serving in Sind and Sindh, serving in the Punjab and the United Provinces on the North Western Railway?

(b) to state how far the policy of localising Punjabis in the Punjab and Sindh in Sind has been carried out and how far it remains to be carried out still?

**Mr. A. A. L. Parsons:** (a) Government have no information.

(b) Government have no intention of localising all Punjabis in the Punjab and Sindh in Sind. Government is following a policy of preventing undue preponderance of any one community or class in the Railway Services, but appointments are open to residents of all parts of the country alike. In this connection I would refer the Honourable Member to the reply given to questions Nos. 275—278 asked by Khan Bahadur W. M. Hussanally on the 31st August 1926.

**Mr. Ram Narayan Singh:** Sir, is it enough to say that Government have no information? Should they not say they will collect information and give it to the House?

**Mr. A. A. L. Parsons:** No, Sir, I do not think it is necessary to collect this information.

#### DIFFICULTIES OF SINDHI EMPLOYEES OF THE NORTH WESTERN RAILWAY SERVING IN THE PUNJAB AND THE UNITED PROVINCES.

845. **\*Mr. Harchandrai Vishindas:** (a) Are Government aware of the difficulties and troubles to which Sindhis serving in the Punjab and the United Provinces are subjected from social, educational and economic points of view?

(b) Will Government be pleased to state whether any complaints of this nature have been received by the railway authorities and what action they have taken or propose to take in the matter?

**Mr. A. A. L. Parsons:** (a) No.

(b) Government have no information whether any complaints have been made to the local railway authorities.

REDUCTION OF THE GRANT TO THE AITCHISON COLLEGE.

846. \***Lieut.-Sardar Muhammad Nawaz Khan:** (a) Is it a fact that lately the Government of India have reduced the grant to the Aitchison College?

(b) If the answer to (a) is in the affirmative, will Government please state the reasons for this reduction?

**Mr. E. B. Howell:** (a) Yes.

(b) In consequence of the recommendation made by the Inchcape Retrenchment Committee on page 192 of their Report.

AGENCY HELD BY MESSRS. W. W. HOWARD BROTHERS, LONDON, FOR THE SALE OF INDIAN TIMBER IN EUROPE.

847. \***Mr. M. S. Aney:** (a) Will Government be pleased to state how long Messrs. W. W. Howard Brothers, London, acted as their agents for the sale of Indian timber in Europe? What were the terms of the contract of the agency?

(b) What was the total quantity and price of timber sold each year through their agency and the total amount charged by them as commission every year during the period of the agency?

(c) Will Government be pleased to give the following details in regard to the sale of timber in Europe in 1925-26 through this same agency:

Names of countries in Europe showing the kind and quantity of timber purchased by each with the total amount for each kind of timber paid as its price?

**Mr. J. W. Bhore:** (a) From January 1st, 1919, to December 31st, 1926. A statement giving the terms of the agency is laid on the table.

I may mention that Messrs Howard Bros. were also the agents of some Provincial Governments.

(b) It would involve a considerable amount of labour to compile for each year the information desired, but the total quantity of timber belonging to the Central Government shipped up to the 31st March 1925, was 9,880 tons out of which 6,500 tons were sold by the agents. The total gross sale proceeds of the timber shipped amounted to Rs. 14,91,112 of which charges in connection with rent, commission, sawing charges, and other miscellaneous charges amounted to Rs. 7,54,168. The net sale proceeds up to the 31st March 1925 amounted therefore to Rs. 7,36,944. Information in respect of the period from 1st April 1925 to 31st December 1926 is not available at present.

(c) The information asked for is not available.

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"Terms of the agency held by Messrs. W. W. Howard Brothers, London, for the sale of Indian timbers in Europe were:

- (i) Agents to tender and contract for orders for Indian timbers at prices and on terms for delivery which appeared to be most profitable according to current directions and instructions and which were, in their opinion, in the best interests of the Principal;
- (ii) All prices quoted by the Principal to the agents to be c.i.f. at port of discharge;

- (iii) All charges for storage and labour, incidental to stacking and moving, to be according to the Port of London Authority's Regulations, London Charge Schedule, and, to be added to the sale price and collected by the agents;
- (iv) The agents to guarantee the due performance by the buyers of all contracts;
- (v) The agent's remuneration to be fixed at five per cent. on the sale price calculated at c.i.f. rates, or at the delivered price of the contract as rendered and such remuneration included brokerage and *del credere*;
- (vi) Specification of stocks to be rendered by the agents every six months, or oftener, as required;
- (vii) Detailed accounts of all disbursements and collections to be rendered quarterly, and agents to pay over all sums as directed by Government;
- (viii) Provision for the inspection of books and for audit, and
- (ix) Agreement to continue until determined by either party at any time by one year's previous notice to the other.

**Mr. M. S. Aney:** Will the Honourable Member undertake to supply the information later on?

**Mr. J. W. Bhore:** Does that refer to part (c)?

**Mr. M. S. Aney:** Yes.

**Mr. J. W. Bhore:** I am afraid that information will probably not be available in the office of the High Commissioner.

#### APPOINTMENT OF AN INDIAN FIRM AS AGENTS FOR THE SALE OF INDIAN TIMBER IN EUROPE.

848. **\*Mr. M. S. Aney:** Will Government be pleased to say whether there are any Indian firms in India or Burma dealing in the export of timber from India or Burma to various countries in Europe, Asia and America and, if so, will the Government be pleased to say whether they propose to take any steps to appoint any such Indian firm as their agents for sales of their Indian timbers in Europe after the expiry of the period of 12 months for which Sir Peter Clutterbuck has been appointed as Timber Adviser to the High Commissioner for India?

**Mr. J. W. Bhore:** Government are aware that there are firms in India and Burma which export timber. When the position in regard to marketing abroad timber belonging to the Central Government is reviewed towards the end of the present year, the possibility of employing suitable Indian firms will no doubt be given due consideration if it is decided to give the agency to a firm.

#### ORDERS FOR MAP RACKS FOR THE MAP RECORD AND ISSUE OFFICE OF THE SURVEY OF INDIA.

849. **\*Mr. M. S. Aney:** (a) Will Government be pleased to state with what manufacturing firms in India, if any, orders for closed steel-racks for storing maps in the Map Record and Issue Office of the Survey of India were placed and for what amount in each of the following years, 1923-24, 1924-25, 1925-26, 1926-27?

(b) If not, will Government be pleased to give the reasons for not doing so; and will Government be pleased to name the foreign Firms with which and the amount for which orders for the aforesaid steel-racks were placed in each of the above-mentioned years?

**Mr. J. W. Bhore:** (a) Orders were placed with Messrs. The Steel Products Company for Rs. 41,562 in 1923-24, Rs. 20,000 in 1924-25, Rs. 9,574 in 1925-26 and Rs. 10,800 in 1926-27 and with The Julius Manufacturing Company for Rs. 10,000 in 1924-25.

(b) The first part of the question does not arise. No orders were placed with foreign firms.

**RECRUITMENT OF INDIAN LABOURERS FOR THE NAVAL BASE AT SINGAPORE.**

850. **\*Mr. M. S. Aney:** 1. Will Government be pleased to state the number of labourers who emigrated from Madras Presidency to Malaya on account of the construction of the Naval Base at Singapore during the years 1923-24, 1924-25, 1925-26 and 1926-27?

2. Will Government be pleased to state what conditions, if any, the Government of India have imposed on the authorities in Malaya responsible for the construction of the Naval Base at Singapore in the interest of labourers emigrating there from India?

3. Will Government be pleased to state what steps are being taken by the Agent to the Governor General in Malaya for adequate supervision of the moral and material condition of the labourers emigrated from India?

4. Will the Government be pleased to say what special facilities are given either by the Government of Malaya or the authorities responsible for the construction of the Naval Base at Singapore to attract Indian labour?

5. (a) Will Government be pleased to state whether there was any correspondence between the Government of India and the Admiralty Office in the United Kingdom through the Secretary of State for India for the supply of Indian labour for the Naval Base at Singapore?

(b) If so, will Government be pleased to publish the same?

**Mr. J. W. Bhore:** 1. These labourers are engaged locally in Malaya and not in Madras. According to the information in the possession of the Government of India the number of Indian labourers employed on the Naval Base on the 17th February 1926 was 605 of whom 30 were skilled and the rest unskilled.

2. The conditions approved by both Houses of the Indian Legislature in respect of unskilled labourers recruited in India for employment in Malaya apply also to unskilled labourers recruited in Malaya for the Naval Base. A copy of the notification containing these terms and conditions has been placed in the Library of the House for the Honourable Member's information.

3. The Agent of the Government of India in British Malaya has the same duties towards this class of labourers as towards other unskilled labourers working in Malaya. These are detailed in rule 56 of the Indian Emigration Rules, 1923.

4. The Government of India have no information.

5. (a) No.

(b) Does not arise.

# ANNUAL INCOME AND EXPENDITURE OF THE MANPUR PARGANA IN THE CENTRAL INDIA AGENCY.

851. **\*Mr. M. S. Aney:** Will Government be pleased to state the annual income and expenditure of the Manpur Pargana in the Central India Agency?

**Mr. E. B. Howell:** The estimated income of the Manpur Pargana in the Central India Agency for 1927-28 is Rs. 60,000. The estimated expenditure for that year is Rs. 48,000 or, including expenditure on Roads by the Imperial Public Works Department, Rs. 53,000. These figures exclude any share in the pay of the Collector who is also District Magistrate and his staff.

## ACTION TAKEN AGAINST OFFICIALS IN CONNECTION WITH LANDS TRANSFERRED TO THEM FROM BHIL CULTIVATORS IN THE MANPUR PARGANA.

852. **\*Mr. M. S. Aney:** Will Government be pleased to state what steps the Agent to the Governor General in Central India had taken against the officials to whom or to whose friends land had been freely transferred from Bhil cultivators in the Manpur Pargana?

**Mr. J. W. Bhore:** As the result of enquiry the Sadar Kanungo in charge of the Manpur Pargana resigned and forfeited his claim to pension.

## APPOINTMENT OF A TAHSILDAR IN MANPUR PARGANA.

853. **\*Mr. M. S. Aney:** Will Government be pleased to state the name, rank and salary of the Tahsildar whose services are going to be lent to the Agent to the Governor General in Central India by the Government of the Central Provinces?

**Mr. J. W. Bhore:** I regret that it is not yet possible to give the information asked for by the Honourable Member. Subject to the provision of funds by the Legislative Assembly the Government of India have sanctioned the appointment of a Tahsildar to hold charge of the Pargana. Steps will be taken to obtain a suitable officer from the Central Provinces.

## ABOLITION OF THE OFFICE OF THE SADAR KANUNGO IN MANPUR PARGANA.

854. **\*Mr. M. S. Aney:** Will Government be pleased to state whether the office of the Sadar Kanungo who performed the duties of a Tahsildar and Munsiff combined in Manpur Pargana is going to be altogether abolished after the appointment of a Tahsildar on Rs. 1,620 per annum?

**Mr. J. W. Bhore:** Yes, Sir.

## EXPENDITURE ON THE CONSTRUCTION OF THE BUILDING FOR THE OFFICE OF THE CONTROLLER OF MILITARY ACCOUNTS AT QUETTA.

855. **\*Mr. M. S. Aney:** Will Government be pleased to state in what year the Controller of the Military Accounts office building at Quetta was built and at what cost?

**Mr. G. M. Young:** I presume the Honourable Member is referring to the original Military Accounts Office at Quetta, which (with the exception of the servants' quarters) was constructed in 1916. The cost of these buildings was Rs. 52,908.

During 1917, 1918 and 1919 certain temporary offices were built alongside the main office to accommodate additional clerks. The cost of these temporary buildings was Rs. 22,244.

#### SURVEY OF INDIA BUILDINGS AT MUSSOORIE.

856 **\*Mr. M. S. Aney:** (a) Will Government be pleased to state in what year the present Survey buildings at Mussoorie in which No. 2 Survey Party now constituted as "E" Company originally recessed, was built and what costs the Government incurred in building and maintaining the same in repairs till the end of the last financial year?

(b) Will Government be pleased to state how they propose to utilise the buildings at Mussoorie after the proposed purchase of the Controller of the Military Accounts Office from the Army Department by the Survey Department for use as their headquarters of "E" Company?

**Mr. J. W. Bhore:** (a) No. 2 Party now "E" Company was only one of the parties with headquarters in the Castle Hill Estate at Mussoorie. The Estate was purchased, not built, by Government in 1908 at a cost of Rs. 3,00,000. Prior to 1919-20 when the maintenance was in the hands of the Local Government figures of cost are not at present available. The total cost on works and repairs incurred for the Estate since 1919-20 up to the last financial year is reported to be about Rs. 1,20,061. Separate figures for the building occupied by No. 2 Party are not available.

(b) The building occupied by No. 2 Party is occupied now on re-arrangement by another party.

#### RESIDENTIAL QUARTERS FOR MILITARY OFFICERS AT QUETTA.

857. **\*Mr. M. S. Aney:** Will Government be pleased to state if the military authorities at Quetta have submitted their plans and estimates of residential quarters for their officers to the Head of the Military Engineering service for sanction and if so, will Government be pleased to place the same on the table for the information of this House?

**Mr. G. M. Young:** The answer to the first part of the question is in the negative. The second part does not therefore arise. But I may say that Government is not prepared to lay plans and estimates of bungalows on the table of this House. If, however, the Honourable Member desires any particular information under this head, I shall be happy to give him privately what information I can.

#### ACQUISITION OF LAND IN THE AGROH GOVERNMENT FORESTS IN THE HAZARA DISTRICT.

858. **\*Mr. M. S. Aney:** (a) Will Government be pleased to state when they first received the proposals for acquisition of land in the Agroh Government Forests in the Hazara District from the Chief Commissioner and Agent to the Governor General, North-West Frontier Province?

(b) Will Government be pleased to lay the following information on the table in regard to this proposal:

- (i) area of the land under cultivation in the Agror Forests proposed to be acquired for forests,
- (ii) annual rental to which the land is assessed,
- (iii) the kind of crop generally grown and the average annual gross income from the crops grown,
- (iv) the number of cultivators or tenants who own or cultivate this land as proprietors or tenants?

(c) Will Government be pleased to state whether the proposals for land acquisition in the above connection from the Chief Commissioner of the North-West Frontier Province show the amount of compensation to the cultivators of the land in Agror Forests in money only or whether they indicate any intention on the part of that Government to give the cultivators other land of the same quality and area in some other neighbouring part of the Hazara District or any other neighbouring district of the same province in exchange for the land acquired by way of compensation? If so, in what district and what is the area of the land thus proposed to be given in exchange?

(d) Will Government be pleased to state whether the proposals of the Local Government make any provision for giving facilities to these cultivators for migrating to other places for settling there as cultivators such as building residential quarters, etc., in the other places? If so, what is the approximate amount the Local Government propose to allot for this purpose?

#### CREATION OF SMALL COLONIES OF CULTIVATORS IN FOREST AREAS IN THE NORTH-WEST FRONTIER PROVINCE.

859. \***Mr. M. S. Aney:** (a) Will Government be pleased to state whether the Forest Department in the North-West Frontier Province has been following any settled plan of creating or maintaining small colonies of cultivators in the Forest areas on the lines of the Scheme of Settlement of Forest villages pursued by the Forest Department in some Forest areas of the Central Provinces and Berar?

(b) If the reply to above question be in the affirmative, will Government be pleased to give reasons for not allowing the land to remain under cultivation in the Agror Forests and turning the same into forest village or forest villages as the case may be?

(c) Or if the reply be in the negative, will Government be pleased to explain why that scheme is not being tried or pursued by the Forest Department in the North-West Frontier Province?

**Mr. J. W. Bhore:** With your permission, Sir, I should like to reply to questions Nos. 858 and 859 together.

In November 1926 the Chief Commissioner, North-West Frontier Province, asked for a provision of Rs. 5,000 to be made in the Budget of 1927-28 for the acquisition of cultivated land not belonging to Government situated within the limits of the forests in question: but he submitted no



detailed acquisition proposals to Government as he is himself competent to take action under the Land Acquisition Act.

The information desired by the Honourable Member will, however, be obtained and furnished to him.

**SUPPLY BY THE GOVERNMENT OF INDIA OF ELECTRIC ENERGY TO THE DELHI ELECTRIC TRAMWAYS AND LIGHTING COMPANY.**

860. **\*Mr. M. K. Acharya:** Will Government be pleased to state:

- (a) whether they have entered, or propose to enter into any contract with the Delhi Electric Tramways and Lighting Co. to supply electric energy to them at cheap rates from the Kingsway Power House or elsewhere, and also to transfer to the Company the overhead wires and posts, etc.?
- (b) at what rate Government propose to supply electric energy to the above Company?
- (c) what rate the Company charges to its customers?
- (d) who will be the owners of the overhead wires, posts, coil, etc.?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes.

(b) 0·8 annas per 1 Board of Trade unit for the total units supplied per annum *plus* an annual charge of Rs. 75 per Kilowatt of actual maximum demand during the year. Payments are to be made at these rates for not less than 1,000,000 Board of Trade units per annum in respect of units and for not less than 300 Kilowatts of maximum demand in respect of the additional charge based on the maximum demand even if less than that quantity is supplied.

(c) Annas 8 per Board of Trade unit for lighting and fan purposes and annas 3 per Board of Trade unit for power purposes subject to the discounts allowed by the Company from time to time.

(d) Such standards, mains and other equipment as may be required for the distribution of electrical energy in the area handed over by Government to the Company are to be sold to the Company at present market rates.

**Mr. A. Rangaswami Iyengar:** May I know, Sir, why it is that Government have thought fit to transfer the supply of these services in New Delhi to a company and not run it themselves?

**The Honourable Sir Bhupendra Nath Mitra:** There is nothing in the answer I have given to imply that the service has been transferred to the company. All we are doing is this: We are trying to enter into arrangements with the company for supplying them with our surplus electric energy.

**Mr. A. Rangaswami Iyengar:** Am I to understand that this company has applied for electric power for its own purposes and not for the supply of electric power to other customers and the public?

**The Honourable Sir Bhupendra Nath Mitra:** As a matter of fact it does supply energy to certain members of the public, and the energy which it will take from Government will undoubtedly be used for that purpose.

**Mr. A. Rangaswami Iyengar:** Then I repeat my question, why is it that the Government have given away the power to supply energy to the public at its own rates from its own power house and handed it over to the company?

**The Honourable Sir Bhupendra Nath Mitra:** Because at the present moment it is the company which is supplying these customers. The Government have not been supplying those customers.

**Mr. A. Rangaswami Iyengar:** Is there anything to prevent the Government supplying that energy to those customers?

**The Honourable Sir Bhupendra Nath Mitra:** It is not usual for Government to undertake that function, Sir

**Mr. B. Das:** May I inquire, Sir, if the charge of 0·8 annas per unit includes establishment charges and the interest on the capital, and whether this contract with the Delhi Electric Supply Company will not involve additional capital expenditure on the Government Power House?

**The Honourable Sir Bhupendra Nath Mitra:** The answer, Sir, to the second part of the question is in the negative and to the first part in the affirmative

**Mr. M. Ruthnaswamy:** May I ask, Sir, whether before the contract was given to this particular company tenders were invited?

**The Honourable Sir Bhupendra Nath Mitra:** There was no question of tenders in this case. There was one particular company in existence in Delhi and all that we did was to arrange to transfer to it a portion of the surplus energy on suitable terms

**Mr. B. Das:** May I inquire if Government have compared the rates given in the contract with those prevailing in Bombay changed by the Hydro-Electric and Andhra Valley Supply Companies and whether these do not supply electric energy for lighting at one anna six pies per unit, whereas Government are charging only 0·8 annas per unit here?

**The Honourable Sir Bhupendra Nath Mitra:** Sir, the question is too long for me to be able to answer on the spur of the moment. I shall be obliged if the Honourable Member will put it down on paper.

#### EXPENDITURE ON THE VISIT OF SIR NORMAN WALKER TO INDIA IN CONNECTION WITH MEDICAL EDUCATION.

861. **\*Mr. M. K. Acharya:** Will Government be pleased to state:

- (a) if Sir Norman Walker has come to India to examine and report on the state of medical education in this country?
- (b) if he has been deputed by the General Medical Council of Great Britain for this work or if his services have been requisitioned by the Government of India for regulating medical education in India?
- (c) if the expenses incurred by Sir Norman Walker are paid out of Indian revenues? What is the total amount spent for this purpose? Has Colonel Needham been deputed by the Government of India to assist Sir N. Walker in his work? If so, what is the amount to be charged to Indian Exchequer for this deputation?

**Mr. J. W. Bhoré:** (a) Yes.

(b) He was deputed by the General Medical Council with the approval of the Government of India and Provincial Governments.

(c) Colonel Needham was deputed by the Government of India at the suggestion of the General Medical Council to assist Sir Norman Walker. The estimated cost of the tour of Sir Norman Walker and Colonel Needham is Rs. 33,080-7-5 which will be borne in equal proportions by the Governments of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa and Burma.

**Mr. A. Rangaswami Iyengar:** May I know, Sir, whether there is any other special job in contemplation for Colonel Needham when this one is over?

APPOINTMENT OF MR. T. G. RUSSELL AS PERMANENT AGENT OF THE GREAT INDIAN PENINSULA RAILWAY.

862. **\*Mr. M. K. Acharya:** Will Government be pleased to state:

(a) whether one Mr. T. G. Russell was a Deputy Agent of the Great Indian Peninsula Railway in December, 1925; and if so, on what pay?

(b) whether he became officiating Agent of the Great Indian Peninsula Railway, and if so, on what pay?

(c) how old was he in 1926; and when was he appointed to the Railway Department?

(d) how many senior Europeans and how many senior Indians have been superseded by Mr. Russell in being appointed officiating Agent?

(e) whether it is proposed to appoint Mr. Russell as permanent Agent of the Great Indian Peninsula Railway after Sir R. McLean?

**The Honourable Sir Charles Innes:** (a) Mr. Russell was Deputy Agent, Great Indian Peninsula Railway, in December, 1925. His pay at the time was Rs. 1,850 per mensem.

(b) He was appointed to officiate as Agent, Great Indian Peninsula Railway, during the period Sir R. McLean was on leave in 1926. As Agent he drew Rs. 3,500 per mensem which is the pay of that post.

(c) He was 39 years of age on the 19th January, 1926. He was appointed on the 21st November, 1913, to the Great Indian Peninsula Railway.

(d) No officer has a prescriptive claim to the post of Agent and no question of supersession therefore arises.

(e) Yes.

[APPOINTMENT OF THE ROYAL COMMISSION ON REFORMS]

863. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state when the Royal Commission on Reforms is expected to be appointed and what would be its strength?

(b) Will it contain Indians as its members? If so, how many?

**The Honourable Sir Alexander Muddiman:** I refer the Honourable Member to my reply to Maulvi Muhammad Yakub's starred question No. 45, dated the 27th January 1927.

**Mr. K. O. Roy:** May I ask, Sir, if it is not a fact that the Honourable Mr. Crerar, who was lately Secretary in the Home Department, is coming out and that he will be placed on special duty in connection with the Reforms Inquiry?

**The Honourable Sir Alexander Muddiman:** I do not know whether that arises out of this question, but it is a fact that Mr. Crerar will be employed in the Home Department.

**Mr. A. Rangaswami Iyengar:** May I know if Mr. Crerar will be placed on special duty in connection with the preparation of materials for the forthcoming Reforms Inquiry?

**The Honourable Sir Alexander Muddiman:** My Honourable friend may take it from me that, subject to the natural obstinacy of Mr. Crerar's disposition, he will perform in my department such duties as I assign to him.

**Mr. A. Rangaswami Iyengar:** I have not got an answer to my question, which is whether the Honourable Mr. Crerar will be placed on special duty for the purpose of preparing material for the Reforms Inquiry?

**The Honourable Sir Alexander Muddiman:** My Honourable friend will get no further answer from me. Mr. Crerar will be employed on such duties as I may assign to him.

**Mr. K. Ahmed:** Do Government propose to take instructions from the Secretary of the Swaraj Party in the matter? (Laughter.)

**Mr. A. Rangaswami Iyengar:** I am sure the Government will profit if they do so; but so far as I am concerned, may I know whether the duties assigned include these duties?

**The Honourable Sir Alexander Muddiman:** It is possible that some of the duties that I assign to him may include that.

**Mr. K. O. Roy:** Has the attention of the Honourable the Home Member been drawn to a conference held at Patiala consisting of Princes and Ministers to consider the position of Princes in connection with the coming Reforms Inquiry?

**The Honourable Sir Alexander Muddiman:** My attention has not been drawn to it; I read something about it in the newspapers.

#### GRANTS FROM THE FINE FUND OF THE EAST INDIAN RAILWAY TO EUROPEAN AND INDIAN SCHOOLS.

864. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if it is a fact that the East Indian Railway makes grants to schools for the education of the children of its employees from its "Fine Fund"?

(b) What amounts have been realized from the Indians and the Europeans separately towards this Fine Fund in the year 1925-26?

(c) What is the ratio between the Indian and the non-Indian employees in the East Indian Railway?

(d) Is it a fact that Resolution No. 481 at page 661 of the minutes of official meeting of East Indian Railway officers on 22nd September, 1926, held at Calcutta, shows that Rs. 42,000 has been granted for European schools while Rs. 15,000 only for the Indian schools?

(e) If the amount quoted in (d) be correct, will Government please state the reasons for this racial distinction, or if not correct, will they give the correct figures?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) The information regarding the fines realised from employees belonging to different communities is not easily available and Government do not propose to collect it.

(c) The Honourable Member is referred to Appendix C of Volume II of the Railway Board's Report for 1925-26.

(d) and (e). We do not get copies of the proceedings of official meetings held by railways.

**Mr. N. M. Joshi:** May I know why Government do not consider it proper to get the information required?

**Mr. A. A. L. Parsons:** It in any case represents a very small proportion of the expenditure of railways on education; and the Honourable Member is probably not aware that at the moment we have an officer going into the whole question of the assistance to be given by railways to the education of the children of their employes, both Indian and European.

#### WATCH AND WARD DEPARTMENT FOR STATE RAILWAYS.

865. **\*Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state:

(a) the purpose for which the "Watch and Ward" Department has been established in the State-owned Railways and the amount annually spent over it?

(b) the number of such employees under this department in the State Railways who have been fined, suspended, dismissed or in any way punished departmentally or sentenced in any criminal court for offences relating to theft or illegal removal of properties from railway goods sheds or stations?

**Mr. A. A. L. Parsons:** (a) The Watch and Ward Department was inaugurated as a result of the recommendations made by the Railway Police Committee, 1921, to guard against theft and pilferage of goods entrusted to Railways for transportation as well as of stores belonging to the railways. As regards the annual cost of Police Department (Watch and Ward Department) and contingent charges on State-worked railways I would refer the Honourable Member to the figures shown on page 6 of Eastern Bengal, East Indian and North Western Railways books of estimates and page 5 of the Great Indian Peninsula Railway book which were circulated to the Members of the Assembly at the time of the presentation of the Railway Budget on the 18th February last. Information in respect of the Watch and Ward Department is not separately available for State Railways worked by companies where the

total charges of " Watch and Ward " and Contribution for " Crime and Order " police are shown together in the books of these railways.

(b) Government have no information.

**Sir Hari Singh Gour:** May I inquire, Sir, whether the institution of this Watch and Ward Department has reduced the number of thefts and pilfering?

**Mr. A. A. L. Parsons:** Yes, Sir.

**Sir Hari Singh Gour:** To what extent?

**Mr. A. A. L. Parsons:** I cannot give exact figures, but the result has been that the reduction in the claims which railways have had to meet in respect of compensation for loss of goods by theft has been very marked on all railways, and particularly on the East Indian Railway.

**Sir Hari Singh Gour:** May I ask the Honourable Member to prepare a statement and lay it on the table?

**Mr. A. A. L. Parsons:** I will send the Honourable Member such a statement if he wishes to have one, but I do not think it necessary to lay it on the table. The figures have, I believe, been published in reports of the Public Accounts Committee.

**Mr. K. Ahmed:** In view of the fact, Sir, that the question has been asked again and again in this Assembly since 1921 regarding thefts and pilfering by the coolies and clerks concerned in the parcel department at the goods sheds and at the stations, especially in the Eastern Bengal Railway and the East Indian Railway, does the Watch and Ward Department take the necessary action in order that these thefts and pilfering may be minimised?

**Mr. A. A. L. Parsons:** It is exactly for that among other purposes that the Watch and Ward Department has been increased.

#### RECOMMENDATIONS OF THE ECONOMIC ENQUIRY COMMITTEE.

866. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if they have received the reply to their letter, dated the 23rd October, 1925, addressed to the various Local Governments on the question of the Economic Enquiry Committee? If so, will they please lay it on the table?

(b) What further steps have they taken to give effect to the recommendation of the said Committee?

**The Honourable Sir Basil Blackett:** (a) Copies of the replies have been placed in the Library.

(b) The replies are still under the consideration of the Government.

**Khan Bahadur Sarfaraz Hussain Khan:** When will they be completed?

**The Honourable Sir Basil Blackett:** Did the Honourable Member ask me when will Government come to a decision? I think the answer must be " in the future ".

#### SHIFT SYSTEM IN INDIAN MINES.

867. **\*Khan Bahadur Sarfaraz Hussain Khan:** Do Government propose to introduce legislation in the present Session on the question of the introduction of the shift system in Indian mines?

**The Honourable Sir Bhupendra Nath Mitra:** The answer is in the affirmative.

LEAVE RULES FOR INDIANS ON THE GREAT INDIAN PENINSULA RAILWAYS.

868. **\*Mr. Jamnadas M. Mehta:** (a) Is it a fact that the Great Indian Peninsula Railway several years ago promised to the Indian staff that they will be given the State Railway Leave Rules from 1st September, 1919?

(b) Is it a fact that afterwards it was stated that the Indian staff will be given full benefit of the Fundamental Leave Rules?

(c) Is it a fact that these have not yet been given, but in the meantime rules for the Anglo-Indians and Europeans only were revised?

(d) Is it a fact that Government in reply to the late Mr. Lohokare's question in March, 1924, stated that the whole question of Railway Leave Rules was still under consideration?

(e) Will Government be pleased to state when they hope to introduce the new rules?

**Mr. A. A. L. Parsons:** (a), (b) and (c). The Honourable Member is referred to the reply given to a similar question asked by Dr. Lohokare in this House on the 18th February, 1924.

(d) Yes.

(e) It is hoped the new rules will be got out before the end of 1927.

CLEARING HOUSE SCHEME FOR STATE RAILWAYS.

869. **\*Mr. Jamnadas M. Mehta:** (a) Will Government be pleased to state whether the Clearing House Scheme for the Indian State Railways was ~~unanimously~~ approved by the Chief Auditors of the State Railways?

(b) If the answer be in the affirmative, will Government be pleased to state the reasons for disapproving the scheme?

**Mr. A. A. L. Parsons:** The scheme was approved by all Chief Auditors except the Chief Auditor, Great Indian Peninsula Railway, who did not give any opinion on the matter officially. It is understood, however, that his personal opinion was that it was too early to start it

TOTAL MILEAGE OF THE EAST INDIAN RAILWAY, LTD.

870. **\*Mr. C. S. Ranga Iyer:** (a) Will the Government be pleased to state what the total mileage of the amalgamated East Indian Railway is together with its branches and the lines worked by it?

(b) What mileage does the East Indian Railway cover in each of the Provinces of Agra and Oudh, Bihar proper and Bengal, respectively?

(c) How many Indian Officers and Inspectors in its different Departments were in the service of the East Indian Railway before its amalgamation with the Oudh and Rohilkhand Railway and how many of them were inhabitants of the United Provinces of Agra and Oudh and Bihar, respectively?

(d) How many members of the clerical staff in the different head offices of the East Indian Railway (before its amalgamation with the Oudh

and Rohilkhand Railway) drawing Rs. 100 and above as their salaries were inhabitants of the United Provinces and Bihar, respectively?

**Mr. A. A. L. Parsons:** (a) The total mileage on 31st March, 1926, was 3,945 miles.

(b) Agra and Oudh 2,878 miles.

Bihar 997 miles.

Bengal 570 miles.

(c) and (d). The information is not available.

GRANT OF AN ADDITIONAL ALLOWANCE TO THE CLERICAL STAFF OF THE  
OFFICE OF THE COMMERCIAL MANAGER, EAST  
INDIAN RAILWAY.

871. **\*Mr. C. S. Ranga Iyer:** (a) In what year was the office of the Commercial Manager of the East Indian Railway removed from Cawnpore to Calcutta?

(b) How many inhabitants of the United Provinces of Agra and Oudh among the clerical staff were transferred with this office to Calcutta and how many of them are now in service?

(c) Is it a fact that an all round increase of 10 per cent., subject to a minimum of Rs. 15 per head, is made in the pay of the Oudh and Rohilkhand Railway staff who have been transferred to Calcutta?

(d) What amount per year is spent in this additional allowance in pay to the staff?

**Mr. A. A. L. Parsons:** (a) The office of the Commercial Manager, East Indian Railway, was removed from Cawnpore to Howrah in April 1923.

(b) All the clerks, 115 in number, employed in the office of the Commercial Manager, came down from Cawnpore to Howrah. Out of these, 101 were up-country men. 5 have since died; 20 left the service; 48 have been retransferred to up-country stations and 28 are still in Howrah.

(c) and (d). Information is not available but is being collected. The Honourable Member will be informed of the result.

ALLOWANCES OF OFFICERS OF THE OUDH AND ROHILKHAND RAILWAY  
TRANSFERRED TO CALCUTTA.

872. **\*Mr. C. S. Ranga Iyer:** What total amount per year is paid to the Oudh and Rohilkhand Railway officers transferred to Calcutta in the shape of the Presidency and other allowances which were not given to them on the Oudh and Rohilkhand Railway while they were at Lucknow?

NUMBER OF CLERICAL STAFF AND INSPECTORS TRANSFERRED FROM  
LUCKNOW TO CALCUTTA FROM THE DIFFERENT HEAD OFFICES  
OF THE EAST INDIAN RAILWAY.

873. **\*Mr. C. S. Ranga Iyer:** What is the number of clerical staff and inspectors transferred from Lucknow to Calcutta from the different East Indian Railway head offices?



STAFF OF THE TRAFFIC AUDIT OFFICE OF THE EAST INDIAN RAILWAY.

874. \*Mr. O. S. Ranga Iyer: (a) How many Superintendents, Assistant Superintendents, Sub-Heads and senior and junior clerks are employed in the entire Traffic Audit Office of the East Indian Railway?

(b) How many Superintendents, Assistant Superintendents, Sub-Heads and senior and junior clerks are employed in the office of the Government Auditors supervising the Traffic Audit works of the East Indian Railway?

RENT FOR OFFICE BUILDINGS FOR THE TRAFFIC AUDIT OFFICE OF THE EAST INDIAN RAILWAY AT CALCUTTA.

875. \*Mr. O. S. Ranga Iyer: (a) What house rent is paid at Calcutta for the building or buildings engaged to accommodate the Traffic Audit Office of the East Indian Railway?

(b) Is it a fact that the Agent of the Oudh and Rohilkhand Railway gave an assurance in one of his speeches when leaving Home to the staff that they will not be transferred to Calcutta except in rare cases of emergencies of service?

(c) Is it a fact that the Chief Auditor of the Oudh and Rohilkhand Railway strongly recommended the retention at Lucknow of the Traffic Audit and Statistical offices of the combined East Indian Railway for the following among other reasons:

(i) That it would obviate the transfer of a large body of men to Calcutta from Lucknow and *vice versa*.

(ii) That it would solve the difficulty and expense of finding the necessary accommodation in Calcutta there being ample accommodation in Lucknow for the whole of the Traffic Audit and Statistical offices of the combined line.

TRANSFER OF CERTAIN OFFICES OF THE EAST INDIAN RAILWAY FROM LUCKNOW TO CALCUTTA.

876. \*Mr. O. S. Ranga Iyer: (a) Is it a fact that in reply to a despatch from the Accountant General, Railways, to the Chief Auditor Oudh and Rohilkhand Railway, he assured him that accommodation for 900 men for the Traffic Audit office of the combined Railway was available in Lucknow Central office building?

(b) Is it a fact that Mr. M. K. Mitra who was put on special duty to report on the separation of Accounts and Audit Branches was also required at the same time to report on the location of the Traffic Audit office of the amalgamated East Indian Railway? Did he decide to locate the Coaching Branch of that office with its inseparable adjunct, the ticket Printing Section at Lucknow? For this purpose did he also decide that the Ticket Printing Section of the East Indian Railway be shifted to Lucknow? Contrary to his decision, was the Lucknow Ticket Printing office at once removed to Calcutta? Thereby was irregular and insufficient supply of tickets made to stations? Did not this cause inconvenience to the travelling public?

(c) Is it a fact that when the staff of the Deputy Chief Accounts Office, Lucknow, submitted a memorial in October, 1925, to His Excellency the Viceroy bringing to notice their grievances and requesting him to order the

Agent, East Indian Railway, to let the Coaching Branch remain at Lucknow the Railway Board in December, 1925, informed them through the Chief Auditor that the question of transferring the Coaching Audit Office from Lucknow to Calcutta was not under consideration? What then led the authorities to shift the Deputy Chief Accounts Officers' Office, Lucknow, a few months after?

**AGREEMENTS WITH EMPLOYEES OF THE OUDH AND ROHILKHAND  
RAILWAY TO SERVE WITHIN THE JURISDICTION OF THAT RAILWAY.**

**877. \*Mr. O. S. Ranga Iyer:** Is it a fact that the employees of the Oudh and Rohilkhand Railway who worked only within the Provinces of Agra and Oudh were employed on the basis of local service and that they had executed agreements that they would serve within the jurisdiction of the Oudh and Rohilkhand Railway?

**Mr. A. A. L. Parsons:** With your permission, Sir, I propose to reply to questions 872 to 877 together.

The information asked for would involve considerable time and trouble in collection and I trust the Honourable Member will recognise that the results are unlikely to be commensurate with the labour involved.

**BILLS PASSED BY THE COUNCIL OF STATE LAID ON THE  
TABLE.**

**Secretary of the Assembly:** Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table the following Bills which were passed by the Council of State at its meeting of the 10th February, 1927. They are:

1. A Bill further to amend the Sea Customs Act, 1878, for a certain purpose.
2. A Bill to amend certain enactments and to repeal certain other enactments.

**MESSAGE FROM THE COUNCIL OF STATE.**

**Secretary of the Assembly:** Sir, the following Message was received from the Secretary of the Council of State to the Secretary of the Legislative Assembly:

"I am directed to inform you that the Bill further to amend the Indian Limitation Act, 1908, for a certain purpose, which was passed by the Legislative Assembly at its meeting held on the 7th February 1927, was passed by the Council of State at its meeting on the 10th March 1927, with the following amendments:

'In sub-clause (1) of clause 1, for the word 'Amendment' the words 'Second Amendment' were substituted.'

'In clause 2—

- (i) after the figures '182', the letter and brackets '(a)' were inserted; and
- (ii) after the words 'shall be substituted' the following was added, namely:  
'and

(b) for clause 6 of the same entry the following shall be substituted, namely:

'6. (in respect of any amount, recovered by execution of the decree or order, which the decree-holder has been directed to refund by a decree passed

in a suit for such refund) the date of such last-mentioned decree or, in the case of an appeal therefrom, the date of the final decree of the Appellate Court or of the withdrawal of the appeal'.

The Council of State requests the concurrence of the Legislative Assembly in the amendments."

Sir, I lay on the table the Bill as amended by the Council of State.

### STATEMENT OF BUSINESS.

**The Honourable Sir Alexander Muddiman** (Leader of the House): With your permission, Sir, I propose to make a statement in regard to the probable course of Government business during next week.

As Honourable Members are already aware, Monday, the 14th, and Tuesday, the 15th, have been allotted for the discussion of the Demands for Grants.

On Wednesday, the 16th, a motion will first be made that the House do proceed to elect members to the Standing Finance Committee for the year 1927-28. The next business will be the resumption of any motion which may have been begun and not concluded at to-morrow's sitting. Thereafter the Resolution of which I have given notice relating to the recent strengthening of the Judicial Committee of His Majesty's Privy Council for the purpose of hearing Indian Appeals will be taken. This will be followed by any business on to-morrow's list which is not reached to-morrow. Thereafter the Resolution regarding the recommendations of the International Labour Conference will be taken.

Thursday and Friday, the 17th and 18th, are gazetted holidays and the House will not meet on those days.

On Saturday, the 19th, subject to your direction, Sir, that the House will sit on that day, a motion will be made for the introduction of a Bill to amend section 96 of the Code of Civil Procedure, 1908, for the purpose of giving effect to a proposal of the Civil Justice Committee. Government hope also to be in a position to introduce two more Bills, one further to amend the Indian Divorce Act for the purpose of enabling the appointment of an officer to act as King's Proctor in matrimonial causes to which that Act applies and the other to amend the Indian Bar Councils Act, 1926, for the purpose of providing for the seniority and pre-audience *inter se* of advocates of High Courts to which that Act will apply. Thereafter the Resolution, of which the Honourable the Finance Member has given notice in connection with the proposed removal of the export duty on tea, will be moved. On the completion of this business we propose to proceed with any business which may remain outstanding from the List of Business for Wednesday, the 16th, and, if time permits, to take into consideration the Sea Customs (Amendment) Bill which has been passed by the Council of State together with an amendment to the Indian Limitation Bill which has been made in the other House. Thereafter a motion will be made for the circulation, for the purpose of eliciting public opinion, of the Indian Mines (Amendment) Bill which is to be introduced on Saturday next. It is also proposed to take into consideration the Repealing and Amending Bill which has been passed by the Council of State. The House will readily understand that, owing to the congested condition of Government business as indicated by this statement, it is still not possible

[Sir Alexander Muddiman.]

to make any more definite announcement about the allotment of time for non-official business than was made in my statement of last week.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, may I beg to inquire if the Honourable Member will be pleased to state whether the 25th, which was provisionally allotted for the disposal of non-official Bills, has not yet been decided upon to be finally fixed for that purpose?

**The Honourable Sir Alexander Muddiman:** If my Honourable friend had heard the last paragraph of the statement I have just made, he would have gathered that no such decision is possible and indeed unless Government business is proceeded with rather more rapidly than it has been proceeded with for the last few days, it seems extremely unlikely that any such proposal can be entertained.

## THE GENERAL BUDGET—LIST OF DEMANDS—*contd.*

### SECOND STAGE—*contd.*

#### *Expenditure from Revenue—contd.*

##### DEMAND NO. 23—INDIAN POSTAL AND TELEGRAPH DEPARTMENT—*contd.*

##### *Low Salaries of Postal Clerks, Peons and Subordinate Services and Inadequate Pensions of Subordinate Retired Officers.*

**Mr. President:** The House will now resume discussion on the amendment of Mr. Prakasam on the Demand under the head 'Indian Postal and Telegraph Department'.

**Sir Darcy Lindsay** (Bengal: European): Sir, while I am in sympathy with the views of the Honourable Members who have spoken on this subject with regard to bringing about an improvement in the conditions of the subordinate staff of the Post and Telegraph Department wherever possible, I feel that it is perhaps unfortunate that these discussions should take place in the House for they must be very unsettling to the labour and seriously handicap the Honourable Member in charge in his endeavours to bring about an improvement of the conditions. We have it, Sir, on the authority of my Honourable friend, Mr. Kelkar, that the Honourable Member in charge has done a great deal in the past year to bring about improvements. We also know that a large sum of money is provided in next year's Budget for further improvements, and I feel that the House ought to leave it to the Honourable Member, whose kindness of heart we all appreciate, to do what he can to improve the conditions of these men. Of course, Sir, the great question is where is the money to come from. We have it that the surplus on the Post Offices amounts to something like 8 lakhs of rupees whilst there is a deficit on the Telegraphs and Telephones. That deficit is merely an incident. There may be a profit next year or in years to come as the telephone system improves and more subscribers are taken in. (*Mr. Gaya Prasad Singh:* "Why not separate the two?") I will leave that to the Department to do. And, Sir, we are told by my Honourable friend, Diwan Chaman Lall, that he knows of cases—he quoted the case of a postman in Bombay who was receiving, I think, Rs. 45 a month and a very carefully prepared budget showed that his monthly

expenditure was somewhere in the neighbourhood of Rs. 78. By this showing and if others are in a similar position, it means that the increase in wages should be in the neighbourhood of 75 per cent. We all know that the wages bill for the Post and Telegraph Department runs into crores of rupees, and if my Honourable friend, Diwan Chaman Lall's views were to be met, it would be a huge sum for the finances of India to produce. On the other hand, Sir, we have demands from many Members of the House for a reduction in postal rates. I believe the very Mover of the amendment now under discussion has tabled an amendment for a reduction in postal rates that will entail a loss to revenue of something approaching a crore and a half of rupees. Here we want to give on the one hand and take away on the other. And as I say, where is the money to come from? I would put it to the House, Sir, that we would be well advised to decide once and for all whether we want the position of the men improved or whether we want cheaper rates. We certainly cannot have both. And I ask the House not to press upon Government these reductions in postal rates. I for one would prefer the condition of the men to be improved. I am quite sure, Sir, that with this sword hanging over the head of the Honourable Member in charge which may fall any day and lop off an ear in the way of reduced postal rates, he is not free to do what he would desire in the interests of the men. Every year this question comes up of reduction of postal rates. If we decide once and for all that until there is a considerable improvement in the finances of the Department, these reductions are not justified, then, Sir, the Honourable Member in charge will be free to bring about his further improvements that he himself so very much desires.

With these words, Sir, I oppose the amendment and I would ask my Honourable friends opposite not to press it to a division.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I concede that there are legitimate grievances of the postal employees in the lower grades and they ought to be given higher emoluments. I also concede with my Honourable friend, the Member for Industries and Labour, that there are no surpluses in the Postal Department to reduce postal rates nor can he give any extra allowance to postal employees in the lower grades. But I feel that there can be a large reduction in the superior staff of the Postal and Telegraph Department and the salaries that will be so reduced may go to lighten the burden of the Postal Department in the lower grades. I am more convinced of that view by reading the report of the Postal and Telegraph Committee, which is known as the Ryan Committee. My Honourable friend, Sir Ganen Roy, was also a member of that Committee and as he is going shortly to leave us and leave this House, I will just record here our appreciation of his able Minute of Dissent that is appended to that Committee's Report. Sir, this Committee was appointed to go into the question whether economies in the management of the Post and Telegraph Department could be given effect to. This Committee was appointed on the recommendation of the Public Accounts Committee. They observed in their Report of 1922-23 thus:

"Another question that we discussed with the Director General was the possibility of reducing the superior staff in his Department, for some of us feel that retrenchment has left them practically untouched and has spent its force on the rank and file. There is force in what he has said about the impossibility of reduction of officers proportionate to reduction in staff, but we are of opinion, specially in view of the recommendations of the Retrenchment Committee, that the matter requires further investigation."

[Mr. B. Das.]

Well, the majority report, which was signed by Mr. Ryan and Mr. Booth, did not advocate a reduction of the staff by giving effect to the combined system of management of the Postal and Telegraph Department. Sir Ganen Roy, in his able Minute of Dissent, laid particular stress that a large amount of expenditure in the Postal and Telegraph Department would be reduced if the combined system of management was advocated. He also gave a quotation from another able Engineer, Mr. Sutherland, who was the Chief Engineer of Telegraphs. He cited him as authority in support of his argument. Somehow it has been the policy of the civilian Postmasters-General and the Director General of Posts and Telegraphs to separate the Telegraph Engineering from the Telegraph Traffic and thereby they have got certain fat jobs in the Postal Department specially reserved for the Civil Service and they have not given effect to the policy of the combined system. Mr. Sutherland in his note observed:

*"The disposal of traffic is entirely dependent on close co-operation between Traffic and Engineering, i.e., close co-operation between the outdoor engineer in charge of the lines, the indoor engineer in charge of the plant, the Divisional Engineer who is in charge of both, and the supervising and operating traffic establishments. None of these have any real connection with the Post Office and have every connection with each other. Postmasters-General of the I. C. S. and Post Office cadres have no knowledge of indoor or outdoor engineering, with which many Traffic troubles are concerned."*

Well, I am glad that Mr. Sutherland's opinion tallies with mine, and he being an Engineer, he is quite justified in observing that an I. C. S. Postmaster-General has no knowledge of the inner working of the Telegraph Department. Well, my friend Sir Ganen Roy spoke of the *vested interests* and expressed his view that had that Committee gone into the question of vested interests which we all know are specially confined to the Telegraph Department and several branches in the Telegraph Department and also in the allotment of a certain number of posts to the Civil Service in the Postal Department—had they gone into that problem thoroughly, they could have reduced the vested interests and thereby brought about economy in the superior staff of the Postal and Telegraph Departments. I very much appreciate the system of reorganisation and redistribution of circles which my friend Sir Ganen Roy has suggested. He says:

*"There are at present thirteen Major Circles and one Minor Circle. Of the thirteen Major Circles, seven are Postal, five Telegraph and one Combined."*

He has appended in paragraph 14 of his Minute of Dissent a statement showing that six of these Circles can be made into combined Circles. He goes on to say:

*"But from the tabular statement given above, it will be seen that with the proposed redistribution, there will be four Postal, four Telegraph, and three Combined Major Circles, in addition to three Combined Minor Circles which will be placed under Telegraph officers of the executive grade. This arrangement will not only lead to greater efficiency through the unification of control in six circles, but will also effect a saving of two administrative appointments. Further, if this redistribution is adopted, and the re-union of traffic with engineering is sanctioned, there will be no necessity for retaining the appointment of the Traffic Controller."*

There are various other recommendations in this able Minute of Dissent which also suggest a reduction in various Divisions in the administration of the Postal and Telegraph lines.

**The Honourable Sir Bhupendra Nath Mitra** (Member for Industries and Labour): Will the Honourable Member kindly indicate another single instance?

**Mr. B. Das:** All right, I will give it to you, Sir.

(The Honourable Member began to search for the quotation.)

**Sir Darcy Lindsay:** You require notice of the question.

**Mr. B. Das:** I refer to paragraph 4 of the Minute of Dissent,—Duties of the present Committee—where Sir Ganen says:

“I consider that in addition to the channels recommended by my colleagues, there are several others which they have not touched, but which, in my humble opinion, would not only offer scope for further economy, but also for the improvement of efficiency. The duties of this Committee are very well defined, and as far as I can make out, the Committee is precluded from taking into consideration the vested interests of any branch of the service. It is for Government to consider the recommendations submitted by the Committee, and to see how they affect the vested interests of any particular class of officials of the department.”

I may remind my Honourable friend Sir B. N. Mitra that on various occasions we have asked questions on the floor of the House whether he, as the head of the Postal and Telegraph Department, could not reduce the vested interests so as to bring about economy and efficiency in the management of the Postal and Telegraph Department. I know the Honourable Member has not even any definite reply to give. The usual reply is that the matter is under consideration. The Honourable Member and the Members on the Treasury Benches always take years and years in considering any beneficent proposals that may come before them and they cannot come to any decision in the matter, especially when it affects the vested interests of a certain class, be it Anglo-Indian or European.

**The Honourable Sir Bhupendra Nath Mitra:** Engineering.

**Mr. B. Das:** I wish it were the Engineering vested interests, but it is not the Engineering vested interests. It is the vested interests of a certain class where the Honourable Member and the Government of India do not like others to come in.

**Mr. C. Duraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): The Honourable Member was engineering vested interests.

**Mr. B. Das:** If that be so, I am sorry for the Honourable Member. He reflects the sentiments of the Indian side in the Government of India and if he cannot lay stress on this important point and ask the Government to alter their policy so that the Telegraph Department shall be an open general service and Indians are allowed equal opportunities in the Telegraph Department and no extra higher salaries are given to the telegraphists, be they Anglo-Indian or European . . . .

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): There is no difference in salary.

**Mr. B. Das:** I know there are so many allowances in Calcutta and Bombay. The Anglo-Indian and European telegraphists work a much lesser number of hours while the poor Indian telegraphists sweat like anything and work sometimes 12 to 15 hours a day in some of the smaller Post and Telegraph offices. Who looks after their interests? I know my Honourable friend Colonel Gidney is a champion of the interests of

[Mr. B. Das.]

his community and pleads the cause of the Anglo-Indian. Nobody here pleads for the sweated labour which is going on in the Post and Telegraph offices, whether it is the postal peons and telegraph peons or whether it is the clerks in charge of post offices. What I want to point out is that my Honourable friend Sir Bhupendra Nath Mitra should give effect to the recommendations made by the Member who is sitting on his right (Sir Ganen Roy) and who is his special adviser at present on the administration of the Posts and Telegraphs. I hope economy will be effected and a large amount of money will be saved which will go to lighten the burden of the Indian employees in the lower services.

**Mr. Nirmal Chunder Chunder** (Calcutta: Non-Muhammadan Urban): On behalf of the postmen and lower grade staff of Calcutta, of whose union I happen to be the President, I beg to thank the Honourable Member for what he has done in increasing their pay and to some extent their prospects but, at the same time, I would draw his attention to certain grievances, which while adjusting their salaries, and improving their prospects, he himself has created. In the first place, Sir, a discrimination has been made between Calcutta and Bombay, possibly on the ground that Bombay is a dearer place than Calcutta, which we who live in Calcutta and have some experience of Bombay dispute. Moreover, this discrimination works very hard on the poor postmen so far as their house allowance is concerned. In Bombay they get Rs. 8-8-0 and I do not think that there is any city in India, not to speak of Presidency towns like Bombay, Madras or Calcutta, where you can get a house or suitable accommodation even for a postman on Rs. 8-8-0 a month. But in Calcutta the house allowance has been kept at Rs. 5 a month and no increase has been made. I know something of Calcutta. I think I am the 7th generation in Calcutta. I have some experience of Calcutta and I can tell you that you cannot get even a room in a hut in any good locality, not to speak of a room in a house, on Rs. 5 a month. This is very petty and I do think that in the near future either some arrangement will be made for the house accommodation of these postal employees or a better and more generous house rent allowance will be given. Then, Sir, a new grade has been created to which I would draw the Honourable Member's attention. It is from Rs. 50 to Rs. 100 rising by Rs. 2-8-0 a year for Calcutta, Alipore and Howrah, for the branch postmasters, overseers, everseer-readers sorting and head postmen at those stations. These postmen are afraid that by fixing the pay at Rs. 50 to Rs. 100 rising by Rs. 2-8-0, which it will take them at least 20 years to complete, the Honourable Member wants to exclude the postmen from these appointments in the future. I told him about it and he assured me that that was not his intention. I should like that a public declaration should be made of it. Then there is another point to which I would draw his attention and that is that while he has done something for these postmen he has done nothing for the runners who get Rs. 16 a month, which is even worse than Rs. 9 a month in a mufassil railway station because on Rs. 16 a month you cannot feed a donkey, as my friend Diwan Chaman Lall said. In a city like Calcutta or Bombay, they get no house rent and it is only on this Rs. 16 that these poor fellows have to make both ends meet.

**The Honourable Sir Bhupendra Nath Mitra:** I do not want to interrupt the Honourable Member. Does he mean to say that there are runners in Calcutta?



**Mr. Nirmal Chunder Chunder:** There are, Sir, I am told. I am also told that so far as the packers are concerned they are to get Rs. 16 and the house rent allowance. In any case Rs. 16 is a pay which is much too small. I hope the Honourable Member will admit that it is too low for anybody living in Calcutta, especially when his duties are such that he has got to live with his family in the city and has got to find his accommodation in the city with the very petty allowance that is given to him for house rent. There is also another thing which I want to bring out. When a postman gets a lift to the grade of Rs. 50 to Rs. 100, that is to say, the higher grade for branch postmasters, overseers, overseer-readers, sorting and head postmen, he has got to pass an examination and one of the subjects for that examination is English correspondence. Except for branch postmasters, I do not think that any knowledge of English more than mere literacy is required for the holders of other posts. Therefore, to impose this examination on them merely for the sake of the branch postmasters' posts being filled from them is very hard. What we ought to do is to make proficiency in correspondence optional so that the man who passes it will be entitled to be a branch postmaster and the man who has not passed that might have to be content with being an overseer or overseer-reader or a sorting or head postman. With these suggestions I leave the matter in the hands of the Honourable Member.

**Mr. Abdul Latif Saheb Farookhi** (North Madras: Muhammadan): Sir, unto them who have much, more shall be given and from those who have little, even that little shall be taken seems to be the policy pursued by my Honourable friend, Sir Bhupendra Nath Mitra. I may quote the 12 Noon. year 1920, according to the recommendations of the Postal Inquiry Committee, Rs. 50 were given to a clerk, and now there is an increase to Rs. 70. In Burma Rs. 40 were given and now there is an increase of Rs. 10. In Calcutta Rs. 45 were given and now there is an increase of Rs. 5. In various other places similarly there are increases. But Madras seems to have been singularly unfortunate in this respect. Far from there being any increase in Madras there has been a decrease of Rs. 5. Sir, much has been said of the sympathy that my Honourable friend the Member in charge of this Department has been showing to the servants of the lower grades of this Department, but he has yet to give a proof to Madras of his sympathy for these poor people. Sir, the clerks employed in the Postal Department really deserve sympathy and a pay sufficient to keep body and soul together. The Postal Inquiry Committee in the year 1920 made the following remarks:

"Moreover conditions of service of postal clerks differ very much from those of the ordinary clerk in a Government office; their hours of work are longer, and much more irregular, beginning in some cases at 5 A.M. and ending as late as 10 P.M., they get no holidays to speak of, and they have considerable pecuniary responsibilities. In confirmation of this view we quote the following from the minutes of a meeting recently convened at Simla to discuss certain matters connected with the pay of clerical and menial establishments:

'On the other hand in the Post Department the clerical service is unpopular and its duties are harder than those of ordinary clerical establishments.'"

Sir, if this statement can be relied upon, then it goes without saying that these people have got more onerous duties to perform than ordinary clerks in other Departments of Government. Such being the case, it is only just that these people should be given at least a salary which will give them the necessities of life and enable them to live in some little comfort.

[Mr. Abdul Latif Saheb Farookhi.]

Sir, in reply to a question by Mr. M. K. Acharya, the Honourable Sir Bhupendra Nath Mitra gave the following reply :

"The Honourable Member is apparently referring to an account of an interview with me by the General Secretary, All-India Postal and R. M. S. Union, which I have seen published in certain papers without obtaining my acceptance to it and which is full of inaccuracies. At the same time it is a fact that when the revised rates of pay for Madras were before the Standing Finance Committee about this time last year and accepted by that body, it was never suggested by any Member of the Legislative Assembly from Madras either in the House or to me outside it, that the new rates of pay for Madras were inadequate. The only suggestion which I received was to increase the increments in the later years of service to Rs. 5, and this suggestion I found it possible to accept later on. It is obviously not possible for me to mention any names other than those that are available to the public from published debates of the House or published proceedings of the Standing Finance Committee."

Sir, I should like to ask the Honourable Member whether these poor people employed in the Postal Department are responsible for the omission or neglect of Members of this Assembly, and whether, when any stress is laid upon a particular question by Members of the Assembly, it has any weight with the Members of the Government? If it suits their purpose, Sir, they say that the Members of the Assembly have not insisted upon a particular point, and when Members of the Assembly actually come forward and place the grievances before the Government they turn a deaf ear to those grievances and requests. Sir, I should like also to point out in this connection that since the Postal Inquiry Committee of 1920, clearly stated that a sum of Rs. 45 should be given to the clerks working in the City of Madras, no change has taken place from that time to this in the cost of living to justify a backward step in emoluments. The prices of foodstuffs have rather increased than decreased. That being the case, Sir, I do not see any reason why their salaries should be decreased, and if a sum of Rs. 5 a month is taken away from their salaries it can easily be imagined what hardships they will have to undergo. I have got in my hand the family budget of a postal clerk in Madras with a wife and children. I do not want to read all the items. I would only request my Honourable friend to consider how these poor people are to live if this further deduction is made in their family income, for it appears from this budget that these people have already to incur an additional debt every month; and my Honourable friend will agree with me that when poor people are once caught in the clutches of *soucars*, they are compelled to pay a higher interest than they ought and their lives are really made miserable. That being the case, Sir, I would request the Honourable Sir Bhupendra Nath Mitra to reconsider the case of these poor people in Madras and provide an increment in their salary. Though I do not represent Madras proper, I am a resident of Madras proper and I know that the cost of living there is very high and the salary given to these people is not sufficient to enable them to get the bare necessities of life. That being so, I trust my Honourable friend will give due consideration to their case.

**Rai Sahib Harbilas Sarda** (Ajmer Merwata: General): Sir, I rise just to say a word. I should like to know if it is a fact that last year the Director General of Postal and Telegraph services issued a circular order directing the dismissal of employees in those Departments if they become insolvents. I understand that the Postmaster General of the Punjab, acting on that circular, took severe action against several people and dismissed them. Sir, nobody becomes an insolvent by choice or for

pleasure, and if any particular class of people do largely become insolvent it shows that there is something wrong, particularly so if those insolvents are wage-earners or living on fixed salaries. This fact would show that the people are not able to make both ends meet and that their resources are insufficient for their expenses. The Government Gazette shows that in Bombay too several employees of this Department became insolvent, but no action appears to have been taken against them. Is it because in Bombay you have a humane, sympathetic officer, and the reverse is the case in the Punjab? In the matter of insolvency the action that the Postal Department should take is not to penalize the men but to inquire into causes of insolvency, whether the insolvency in any particular case is due to the fault of the man or because he is unable to live decently on his income. Provincializing the services is one way to remedy the situation. Telegraphists are often transferred from one province to another and such transfers add to their expenses. The matter should be sympathetically considered by the Department.

**Mr. H. G. Cocks** (Bombay: European): Sir, I do not want to go into the question of the rates of pay of postal clerks to any extent beyond saying that it seems to me a pity that a matter of this sort has to be discussed on the floor of this House so much. I hope the day may come when the matter will be thrashed out more in the Committee Room behind closed doors, and I think it is quite possible that that day may have to come in the future. Sir, bound up with this question are the results of the various departments of the postal service; and I notice from a slip that has been circulated, altering the figures which appear in the buff book, that certain interdepartmental entries have been made for amounts charged to one branch of the service and credited to another from work done, and so on, and as a result of those entries for departmental charges, we get very different results to those we first saw in the buff book. For instance, on the postal side the profit for 1926-27 comes down from Rs. 24,57,000 to Rs. 11,35,000, and in the budget year 1927-28 the profit, Rs. 21 lakhs, is brought down to Rs. 8 lakhs. Those reductions of course are reflected in the other figures. As for the Telegraph Department, in 1926-27 the loss of Rs. 27 lakhs is reduced to Rs. 14 lakhs, and in the budget year a loss of Rs. 18,79,000 is reduced to Rs. 5,97,000. In the Telephone Department the differences are of less consequence. These figures undoubtedly show that there is no money available at present for further increases in wages; I mean, there is no money available, looking at the matter purely from the point of view of commercial results. I know Honourable Members are sometimes inclined to consider that, in spite of the fact that we are endeavouring to run the Postal Department, particularly since the days of the Inchcape Committee, on a business basis, the wages of the postal staff should be increased even though there is no profit available to do it. Well I think in a business department of this sort one has got to have some regard to the law of supply and demand, and although I know it is not popular with this House, if certain post office work commands certain pay and the labour is available to do it for that pay, then, looking at the matter from a business point of view, it is of course desirable that no more than that should be paid. At the same time I do hope that the Honourable Member will gradually, as the postal results improve, be able to do a little more in certain directions for the staff. It is particularly gratifying to notice the improvement anticipated in the figures of the budget year as compared with last year. For instance although the revised postal profits come down from

[Mr. H. G. Cocke.]

11 lakhs last year to 8 lakhs in the budget year, on the other hand, the telegraph loss is reduced from 14 lakhs to 6 lakhs, and the telephone loss is reduced from 4 lakhs to Rs. 2,80,000. Those figures show that some improvement is being effected in post office business, and I hope that that improvement will go on. The annual Report of the Postal Department, which has not yet been issued for 1925-26, contains a number of very interesting charts, but owing to the non-issue of that Report, one is not able to see those charts up to date; but taking the last three years ending 1924-25 it would appear from the annual report that there has been a gradual increase of postal business for the last three years in practically every department; so it should be possible in certain directions gradually to improve the lot of the lower-paid employees of the Post Office.

**Lieut.-Colonel H. A. J. Gidney:** Sir, I am very grateful to my friend, Mr. Das, for paying a compliment to my community in the course of his speech. I stand here to-day, Sir, to defend the cause of the Indian staff in the Postal Department. (Hear, hear.) I associate myself, Sir, with the remarks passed by my friend, Mr. Nirmal Chunder Chunder. Being from Calcutta, I am closely acquainted with many of the grievances and needs of the Postal and Telegraph Departments in that City. Sir, before I proceed, and even at the expense of being called the Imperial florist, I wish to tender my deep debt of gratitude to the Honourable Member for what he has done for this Department since he took over charge. I notice he is not blushing at this, but he has certainly done wonders for the men. The memorandum which accompanies the Report of the Postal and Telegraph Department and with which I am afraid many Members are not acquainted, is standing evidence of the great sympathy and interest he has displayed in the cause of postal clerks and the menial staff of the Postal and Telegraph Departments. It stands, Sir, as testimony, if any were needed, of the close care and attention he has given to this subject and of the very sympathetic way in which he has attended to the grievances of many of the men of his Department, and I think, Sir, he deserves thanks from this House instead of the many adverse criticisms which have been levelled against him to-day. Sir, this morning when my friend Mr. Chaman Lal called the Department a soulless one and I chipped in and said it was heartless, I did not refer to the Honourable Member. I was referring to my Honourable friend sitting by his side, Sir Gagan Roy, who is going to leave us very soon on retirement. As one looks at him, Sir, as he sits occupying a front bench to-day, he has the appearance of a dove, the wisdom of an owl, and when you ask him for information or any help, he shows he has the guile of a serpent, for with regard to many projects that have been placed before him, he has been as heartless as the Honourable Member has been magnanimous to his menial staff. In this memorandum prepared by the Honourable Member he has made a provision of 12½ lakhs to ameliorate the grievances of the Department, and if you follow up this provision one is pleased to find it progressively increases and that it comes to somewhere between 30 and 50 lakhs within a few years time, when I believe most of the grievances will have been remedied. I do not agree with Mr. Cocke, when he said that these matters—postal grievances—should be discussed behind closed doors. I consider that these matters, being as they are to-day in a transitional stage, should be discussed on the floor of this House, for they represent the grievances of over a lakh of employees. Sir, I would however ask the Honourable Member to give serious attention to the points raised by

Mr. Nirmal Chunder Chunder. I will not follow Mr. Chaman Lal in the details he gave of the expenditure and the pay of certain postal servants. I believe what he has detailed is really correct. Indeed it is not confined to that class of employees only. Debt is a common thing in every branch of the Post and Telegraph Departments. This debt is due in my opinion to one of two causes, (a) extravagant living or (b) insufficient pay. Let us say that it is partly due to both causes. I however know this much, that a good few men in the General Service Telegraph Department are to-day being dismissed for getting into debt. I consider, Sir, the time has come for something to be done to check this condition. I wish to bring to the notice of the Honourable Member certain points which I think he might take further into consideration, and that is owing to the condition of debt that exists in the ranks of branches of this Department, would it not be advisable to start co-operative credit or loans societies? I think this should be introduced, if such societies do not exist at present. The other point I wish again to bring prominently to his notice is this. I believe Government never like to create a precedent. I desire to refer to the treatment the Honourable Member has meted out to those postal and telegraph employees who did such excellent work during the riots in Calcutta. During this period when the prices of food-stuffs and conveyances rose to prohibitive prices those employees risked their lives and cheerfully bore this extra expenditure in their loyalty and devotion to their duty and in return have been denied any compensation. Private firms in Calcutta, seeing the difficulty and the dangers under which their staff worked, gladly provided accommodation and conveyances for them. These postal employees appealed to the Government for a bonus of one month's pay to cover the extra expenses incurred by them. This has been denied to them, although their services were very warmly eulogised by the Postmaster-General of Bengal. I do appeal to the Honourable Member to reconsider this matter which I opine is a reasonable and just request. Sir, I am much struck with the great interest that one sees evinced in this House from various Benches and various parties regarding postal grievances. This shows how splendidly the Postal Unions are organised and operating. Indeed I believe that it is the one department of Government that is so well organized so far as Unions and Associations are concerned. In the Telegraph Department we have two Associations, almost working as rivals. In the Postal Department we have the various Postal Associations and Unions representing the grievances of their men. This to my mind indicates one thing and one thing only, there is certainly a feeling of dissatisfaction in the Department and there must certainly be some truth in the grievances which have been detailed in this House to-day. Sir, the Honourable Member will increase our debt of gratitude if he would expedite his promised enquiry as stated in his memorandum into the grievances of the remaining 40,000 employees of his department. After all, Sir, we must admit that the Honourable Member has certainly effected a large profit in the year's working of the Postal Department. I am sorry I cannot say the same for the Telegraph Department; it seems to be the spendthrift of this twin service. Why should the Postal Department be called upon to pay for the losses of the Telegraph Department? I consider that Mr. Joshi struck a very true note when he suggested that we should follow the Railway Department in inaugurating a reserve fund in which the postal profits may be banked and from which the Honourable Member may from time to time use the surplus to remedy the postal grievances. I certainly agree with Sir Darcy Lindsay and while agreeing

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and sympathising with Mr. Chaman Lall's views on these grievances I consider it is impossible to ask for more money from this Department, whilst at the same time you ask it to reduce the revenues by forcing a reduction in the postal charges. Sir, the postal employees cannot have it both ways.

There is one thing, Sir, that I should like to bring to the notice of the House before I conclude my remarks. I was greatly concerned when I was informed this morning that certain alterations are to take place in the General Service of the Telegraph Department. Now, Sir, on this point I am not defending the interest of any particular community because in the Telegraph Department all communities receive the same treatment and the same wages. (*An Honourable Member*: "Do they?") They do at least in the General Service. I understand, Sir, that the Army Department intends to recruit into the General Service of the Telegraph Department British soldiers as military telegraphists. I understand that years ago there were about 400 British soldiers employed as telegraphists. To-day there are not even a hundred; they are about 60 strong and it is the desire of the Army Department to bring the number of military telegraphists to about 250 men. Sir, by bringing British soldiers into this Department, what are you doing? You are depriving India and the people of India of a legitimate avenue of employment in one of the utility services in the Government of India. I consider it a wrong policy to enlist British soldiers as military telegraphists in the Telegraph Department. On the floor of this Honourable House I protest in the strongest terms against this deprivation of employment by British soldiers. I represent a community that has played a great part in the Telegraph Department; Indians to-day are also playing a great part and, talking as a son of India, I strongly protest against this intention on the part of the Government and I ask this House to support me in this.

Sir, before I sit down, I once more ask the Honourable Member to use some of the profits he has effected in this Department for amelioration of the rest of the grievances that have been brought to his notice to-day, and thereby to add to our debt of gratitude to him for the good he has done for his employees.

**Mr. M. K. Acharya** (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I propose just to make a very few observations, so that I may not afterwards come before the House with respect to the particular cut which stands lower down in my name. I have just one or two observations to make, and they will be enough, in my opinion because many of my friends have already spoken about the general subject. I desire to draw the attention of the House to the hardships experienced by the employees in Madras particularly, and when I say this, I do not of course mean to be understood that I deny that there are hardships elsewhere, or that I have no sympathy with the men in other places. But I would particularly appeal through you, Sir, to the Honourable Member in charge of the department to give his most sympathetic consideration to the many statements from Madras that must have reached him also just as they have reached many of us. Madras Province, and Madras city, particularly, have been rather badly handled. Here is a statement which must be before him also how during the latest revision of pay in 1927, as has been pointed out, the initial pay in the city of Madras has been brought down from Rs. 45 to Rs. 40. As my friend Mr. Farookhi just

now said, there are statements of family budgets and so on, which I would simply beg of the Honourable Member to scrutinise and to see if after all they are overdrawn. And secondly, Sir, apart from the clerks, I beg of him further to give some sympathetic consideration to the postmen of Madras. There also I find that while postmen in other big cities have been receiving various sums for specific purposes, the postmen of Madras have not yet got that measure at any rate which they would like to have. Then again, Sir, there is one class of employees on whose behalf I want to make a very humble appeal; and they are what are called postal recruited telegraphists. I am told that in the old days there were several kinds of telegraphists, station, local, general service and so on; they have been later on reduced to two classes only. But some of them seem to have been postally recruited in the old days and if they had remained in the Postal Department, they would have, when the rates of the postal staff were enhanced, perhaps been receiving some larger salary now. But on account of their transfer—whether they did it voluntarily or otherwise we need not go into that question—but they are at present at a disadvantage. I dare say those cases cannot be very many; and I appeal, not as a matter of right, which is perhaps unnecessary, especially when I am assured that they have a very sympathetic head of the Department; I appeal to him to see if there are any genuine cases of men adversely affected, which cases could receive some kind of consideration. If the total of increments calculated comes to a very large sum I would not claim all that; because, as recently pointed out, it is very difficult to pay large allowances on one hand and try to reduce certain rates on the other hand. Some small consideration, however, might be shown to these few men, as special cases, and they be granted something like 20 per cent. of their salaries in lieu of the increments they would be getting elsewhere. Some such kind of relief I feel sure might be shown by the department. The thing need not be worked on an arithmetical basis such as how many increments exactly they should have got. They would be quite thankful for any relief intended to help them in the distress they are now feeling. I understand of course the view-point taken by Sir Darcy Lindsay and Mr. Cocke. They see things from the capitalist point of view, and the figures talk to them with eloquence as to how much profit results or loss and all that; but these friends seem to ignore the human element which underlies these figures. I would only ask them to consider the human element also. Probably they would realise it if they had happened to be in the ranks. Now, Sir, I repeat whatever may be our difficulties, these men require help. The postmen of Madras City get Rs. 20 to Rs. 30, and those in the mofussil Rs. 16 to 20. I really think these are very low rates to enable them to do efficiently the work they have to do.

**Sir Darcy Lindsay:** I pointed out to the House that I was in entire sympathy with the increases in the emoluments of the men, but as against that I suggested that there should be no reduction in the postal rates.

**Mr. M. K. Acharya:** Sir, I thank the Honourable Member on behalf of the men for his sympathy. I make my last appeal to the Honourable Member in charge to see what he can do for the postmen of Madras.

**Mr. Siddeshwar Sinha** (*Gaya cum Monghyr: Non-Muhammadan*): Sir, I am thankful for the opportunity given to me even at this late hour of Debate, to speak. The condition of postal employees in general and postmen in particular in the province of Bihar and Orissa is worse. In many provinces the scales of pay for the lower grade has been revised.

[Mr. Siddeshwar Sinha.]

and raised since 1920, but the lot of the Bihari clerks in the lower grade has not improved a bit. They still continue to be on the same grade of Rs. 35 to Rs. 120, while in other provinces the scale has risen considerably even from Rs. 70 to Rs. 170. My Honourable friend Kumar Gangunand Sinha very ably presented their case before the House and I will simply draw the attention of the Government to their just and proper grievances and request them to raise the scale of pay of the lower grade clerks at least from Rs. 40 to Rs. 140 as is given to the same class of men in many other provinces.

The condition of postmen in Bihar and Orissa is much worse. They start at Rs. 13. These postmen in point of their duties and responsibilities stand by themselves. They must be literate in more than one language; knowledge of local and provincial dialects are not enough, they are required to read correctly Urdu and English. They are to bear considerable responsibility in pecuniary matters, in fact they are in a small way cashiers and clerks; cashiers, because they are entrusted with money orders and valuable parcels, and have to render accounts and make good losses; and clerks, because they are required to read and write. In short the efficiency of the department depends to a great extent on intelligence and judgment which these postmen are required to use in course of their duties. Besides they are to work for 8 to 12 hours and have to walk for 15 to 20 miles per day not on good pitched roads but through muddy village routes, hot sandy footpaths and have to cross cold water of rivers and nallas. They are to do all these things without shoes and without sufficient clothes but with heavy loads. They enjoy dainty dishes of fish and mutton only in dreams. They are contented with the smell of butter in baniahs' shops where the call of their duty takes them. They do not indulge in the luxurious habits of tea and coffee, their children are contented with their mothers' milk in their infancy. They have not to pay washermen's bills because they have no spare clothes. They do not want anything more than the coarsest rice, the cheapest pulse and a little quantity of salt and fuel in order to keep themselves and their dependants alive. They want the coarsest and cheapest cloth to cover their bodies, but even these bare necessities of life cannot be met out of their scanty pay which they get. Rs. 13 are not enough to maintain even themselves and their wives, not to speak of their children and others dependent on them. In times of illness they are left to the mercy of Providence, as they cannot afford to pay for doctors. They cannot afford to give their children even the most ordinary and elementary education.

Sir, words fail to describe the miseries of these poor men! The higher authorities have not the occasion to know their real conditions, but those who live in the villages know their miseries. I know they cannot afford to buy even a Hindi primer and a slate for their children at a cost of a few annas. I know of a case when a son of a postal peon was compelled to leave his school because the *guru* did not allow him to attend the school without books according to the rules of the education department of the province. I know of a case when a boy aged 10 told an inspecting officer of a primary school that he had not tasted sugar till that age, and he was a son of a postman. Such stories of the miserable lives of postmen are numerous and I am sure many Honourable Members on this side of the House know them. I shall not take the time



of the House any more in narrating these miserable tales but shall only say that these men had great hopes to see at the head of the Department, an Indian. It is a matter of gratification that in some provinces their hopes have been fulfilled to some extent, but in my province their grievances still continue as before. I appeal to the Honourable Sir Bhupendra Nath Mitra, on behalf of these poor men, to consider their case and do something to relieve them of their miserable life.

**Maulvi Sayyid Murtuza Sahib Bahadur** (South Madras: Muhammadan): This House may be aware, Sir, that I represent half the province of Madras, including the City of Madras, and as such I feel bound to lay before the Government, through you, the grievances of the postal employees there. Sir, so far as the Madras Province is concerned, the postal employees in the City of Madras have been treated in this way that instead of getting any increase in their salary, their minimum has been reduced from Rs. 45 to Rs. 40 and their maximum is the same, i.e., Rs. 140, though, according to the recommendation of the Postal Inquiry Committee, the City of Madras has been bracketed with Calcutta. The postal employees in Calcutta have been fortunate enough to have their minimum salaries raised from Rs. 45 to Rs. 50 and their maximum has been raised from Rs. 140 to Rs. 160, whereas these unfortunate employees in the City of Madras have to be satisfied with a decrease in their minimum pay and of course their maximum pay is stagnant. Of course I am not at one with my Honourable friend Mr. Duraiswamy Aiyangar who was satisfied with some increment as regards their maximum. I am very particular about their minimum being raised to Rs. 50, just as has been done in the case of Calcutta, and my recommendation is based on the recommendation of the Postal Inquiry Committee, which has recommended that the City of Madras should have the same minimum and maximum as Calcutta.

Sir, there is one point here to which I wish to draw the attention of the House. The City of Madras has been included along with Madura, Dhanushkodi, Bangalore and Hyderabad, which means the Department does not make any difference between these four places and the City of Madras. I am personally acquainted with the cost of living in Madras and Calcutta; I have lived for some time in Calcutta; and I can assure this House that living in Madras is dearer than that in Calcutta . . .

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): No, no.

**Maulvi Sayyid Murtuza Sahib Bahadur**: Mr. Kabeer-ud-Din Ahmed may say "No, no," and of course his "No, no" cannot but be ignored by me and by the whole House. So far as Mr. Kabeer-ud-Din Ahmed is concerned, his knowledge is confined to Calcutta, he had never been to Madras; but I can compare Madras with Calcutta. He cannot go on interrupting anybody and everybody, (Hear, hear.) In this connection, Sir, I have to place the grievances of my own place Trichinopoly, which I come from, before the Government. I do not see any reason or justification for not including Trichinopoly along with Madura, Dhanushkodi, Bangalore, and Hyderabad. Trichinopoly happens to be a centre of education; there are three Colleges there, the S. P. G. College, the National College and the St. Joseph's, and there is a proposal that Trichinopoly should have a university. Moreover, Sir, Trichinopoly happens to be the headquarters of the South Indian Railway. Its workshop is to be removed from Nēgapatam to Trichinopoly. So, Trichinopoly is to be ranked second to the

[Maulvi Sayyid Murtuza Sahib Bahadur.]

Presidency town and I do not see any justification for not including Trichinopoly along with Madura, etc., and for including Madura, etc., along with the City of Madras. In these circumstances I associate myself with the previous speakers who have successfully made out a strong case as regards the postal employees of the City of Madras.

Again I would draw the attention of the Government to one or two points regarding Sunday and postal holidays. Some two or three years ago, the then Director General of the Post Office called upon the Postmasters to submit proposals as regards the payment of allowances to postal employees, but when my Honourable friend Mr. Joshi asked a question to the Government in the year 1925 as to what became of that proposal, the Government replied that no proposals had been received from the Director General of the Post Offices. I want to know if any proposals have been sent by our Honourable friend the Director General regarding Sunday and postal holiday allowances. If no such proposals have as yet been submitted, I would request the Director General to expedite the proposal.

I have to say a few words about unhealthy localities in the Presidency of Madras. So far as our Presidency is concerned there are some unhealthy localities where post offices are stationed. The Local Government have sanctioned special allowances to their subordinates working in those places with a minimum of Rs. 15 and a maximum of Rs. 60 for the clerical and supervising grade, as special allowances, and other subordinates also get special allowances which range from Rs. 2 to Rs. 5 a month; but the Post Office has a flat rate in almost all cases of clerical staff of Rs. 10 which is paid to healthy localities. I am at a loss to know why this department, which is managed by the Government of India, has not seen its way to give special allowances to those that work in unhealthy localities at the risk of their health. So I would request the Government to consider this matter also and to sanction a special allowance for these people.

(Sir Hari Singh Gour and other Honourable Members moved that the question be put.)

**Nawab Sir Sahibzada Abdul Qaiyum** (North West Frontier Province: Nominated Non-Official): Sir, I do not want to take up much time of the House. I simply wish to make a few observations for the consideration of the House. I have every sympathy with the post and telegraph employees. They deserve, as all other classes of the same status deserve, the consideration of their employers. But there is one thing to be considered in this connection and it is that the pay and salaries of the lower classes, and specially the menials, are not to be compared with the higher classes or based on a more comfortable living wage, but the main thing to be considered and compared is the comfort, the status or the standard of living of the people from whom they are recruited in other walks of life. Unless you raise that general standard of living in the country, Sir, you will be only creating discontent among their fellow countrymen if the pay and position of these lower grade employees in the services are improved. The two should go together hand in hand, Sir. There is already too great a tendency on the part of private labourers in the country to seek employment in Government departments, and if you create a better and a more

comfortable life for them in Government services you will be disturbing the peace and harmony of society and dislocating private services in the country, Sir. A balance should be kept between the two. Unless you improve general conditions in the country and find means for more activity and life in the country in the way of better communications, better trade and so on, which will bring more revenue to Government and specially to this department, you will not be able to satisfy the demands of these people. Larger numbers will be attracted to Government services and there will be a large number of unemployed in the country. Well, Sir, to compare the position of these postal and telegraph employees with that of similar employees in the other departments of Government, I am not at all sure that they are worse off. For instance, if we compare their work and their wages with those of the camp followers in the Army or of the other miscellaneous employees in that department, you will find, Sir, that they are not worse off in respect of wages as compared with those camp followers and others. Similarly, there are other departments where the position of subordinate servants is no better off than the position of the lower services in the Postal Department. A good deal has been done for

1 P.M. them by the department; and, as some previous speakers have already said, the Honourable Member in charge should be given credit for it. I would give him credit at least for one thing, and that is that he has allowed these people to organise themselves into unions and has been able to recognise those unions. If it had not been for their good organisation perhaps we would not have heard so much of their grievances, because there are many other departments which are not so well organised and their affairs never come up before this House, or rather very seldom come up before this House. But one thing which I noticed in this department and which surprised me very much was this: that while the surplus revenue of the Postal Department could be used for the Telegraph Department, as I understood it, the surplus income of a post office could not be utilised for raising a post office to a combined post and telegraph office. I put this question to the Postmaster-General of the Punjab, and asked him whether the surplus income from a post office at a certain place could not justify the opening of a telegraph office at that station, if there were doubts, about the sufficiency of income from the proposed telegraph office, and I was told that no surplus income from the post office could be counted towards the establishment of a telegraph office; and this was naturally surprising to a layman who does not understand these rules.

There is one other little point and I have done. It is this: when sending people for duty to my part of the country, I hope everybody will be given an opportunity to serve there and no discrimination of class or caste or creed will be made. I have noticed occasionally that certain classes are not supposed to be serving on the border. I do not think it is just that there should be any such discrimination, because it was here on the floor of the House yesterday that some Honourable Members—I remember Lala Lajpat Rai among them—protested against the non-recruitment of certain classes of people for service in certain areas or circles; and I hope that every person will be made available for service in every part of the country. With these remarks I resume my seat.

(Some Honourable Members moved that the question be put.)

**Mr. President:** There are many more speakers: the House now stands adjourned till 25 minutes past Two.

The Assembly then adjourned for Lunch till Twenty-Five Minutes Past Two of the Clock.

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The Assembly re-assembled after Lunch at Twenty-Five Minutes Past Two of the Clock, Mr. President in the Chair.

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**Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): As President of the All-India Postal and R. M. S. Union, I am in the happy position of rising at this stage of the debate and thanking the various Members who have expressed real sympathy and shown real interest for the welfare of the postal employees. In the case of the Honourable Member who represents the community of "Statutory Indians," I must say that he has placed this House and the postal employees under a deep debt of gratitude. (*An Honourable Member:* "Oh, oh.") I say under a deep debt of gratitude, because there has been an attempt made some time back by some interested people to bring about some kind of difference between the telegraphists and the postal employees. Sir, being a representative of the Anglo-Indian community,—and there are more Anglo-Indians in the Telegraph Department than in the Postal Department,—the words of sympathy, real and genuine, which came from the Honourable Member who represents that community, are very very welcome indeed.

Sir, I expected something more tangible by way of sympathy than a parenthetical assurance when the Honourable Member from Madras, Mr. Acharya, pointed out that Sir Darcy Lindsay showed in his speech a lack of sympathy for the poor postal men when the latter reassured us he was so sympathetic. Since then, I have contemplated over his speech and have also gone through his speech, and I find, Sir, that he has not shown much sympathy in his speech. One only finds that sympathy fenced with unsympathetic arguments. That has been the diplomatic way of the Honourable the Leader of the European Party. He was trying to point to my friend Mr. Chaman Lall how the increase by 75 per cent.—he had so carefully calculated the figures that Diwan Chaman Lall had presented to the House,—was unthinkable, how it was absurd. Sir, I thought when Sir Darcy was making that statement he was talking with his tongue in his cheek. I put it to the Honourable gentleman if he really thinks Diwan Chaman Lall's proposition is either absurd or impossible. Could it be more absurd, I ask, than making, as the Government has made on the strength of the Lee Commission's recommendation, the birth of a child in the house of a European member of the Civil Service in India a national responsibility?

**Sir Darcy Lindsay:** Sir, I really must protest. I did not even insinuate that Diwan Chaman Lall's figures were absurd. My point was that, if the postman's expenditure was so very much above his income and if the Post Office were to pay him in accordance with his expenditure, it would involve a very large sum of money, and that being the case, I did not see how it was possible to deprive the Post Office of the revenue they are now getting from the scale of postage and therefore it would be impossible for the House to demand a reduction of postal charges. My

sympathies, as I thought I clearly explained, were with the men in their just and legitimate demands.

**Mr. C. S. Ranga Iyer:** I am grateful to the Honourable the Leader of the non-official European group for his explanation. But I believe, Sir, the explanation has got to be expounded. The Honourable Member was more anxious to speak from the point of view of the Department: Where is the money to come from? When the Lee Commission's recommendations were before this House, he did not join the Honourable Members on this side of the House in questioning where the money was to come from. Sir, I thought it was the duty of the Honourable Member to suggest ways and means, if he was really so full of sympathy for the members of the postal service. I do hope, Sir, that on the next occasion he rises to speak, next year, he will find some facts and arguments for the increase just as he found justification when the Lee Commission debate was on in this House. As I was saying, Sir, over a crore and a half of rupees were found by the Government but for the poor postmen adequate money is not to be found and the Honourable Member stands up and says: "Where is the money to come from?"—while he did not say, with regard to a domestic proposition when it was transferred to the national shoulders, namely, the birth of a child in the house of an Englishman in India, (Laughter) how the money was to be found! The anxious enquiry, where the money was to come from, was endorsed by my Honourable friend who sat behind him, whom I miss now, the Honourable Mr. Cocke. I ask where did they get over a crore of rupees for the Lee feast? Sir Darcy says, "We know that a large sum of money is provided in next year's Budget for further improvements." A large sum of money indeed! I hope the Honourable Member has gone through the figures that have been provided at page 100 of the detailed statements in support of Demands for Grants. And if he calculates he will find that an average of about Rs. 2/8 a month is provided for the postal employees. And does he think it is a large sum? Is this the kind of sympathy that he was trying to explain to this House? It is not a large sum, Sir, it is a very poor sum. If only he will take into consideration the fact that these poor people, like other poor people all the world over, are burdened with large families, he will find that the increase contemplated but not actually given is very poor indeed. I must in this connection say that the Honourable Member in charge of the Department does not go into such extravagant praise of what he is going to do. He thinks that the sum is not too much. He explains:

"Although no definite forecast can be made it is expected that an expenditure of about 10 lakhs will meet the requirements for further revision of pay during 1928 and 1929."

Again he says:

"Though the staff concerned is numerically large it is anticipated that the remedial measures may not be of the same magnitude as that provided for this year."

He does not think that they are going to be of the same magnitude while the Honourable Member who represents the European community in this House is much more concerned with the magnitude of the business.

Sir Darcy Lindsay placed another argument before the House and it was with regard to the postal rates. He said "You want to reduce the postal rates and, therefore, how can you find money to increase the pay of the postal employees?" My answer to it is this. Why do you combine

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the Post and the Telegraph Department? The Postal is a paying proposition, the Telegraph is a losing proposition. The Honourable Mr. Cocke said that the matter has to be taken on "a business basis." He will agree my suggestion is very businesslike. Give the profit, if you are so inclined, of the Postal Department, to the postal employees and find money from elsewhere for the telegraph men. But here is a case of robbing Peter to pay Paul.

Sir, the Honourable Sir Darcy Lindsay used a rather interesting expression. He said that this "sword"—namely, postal rates—"was hanging over the head of the Honourable Member and threatened to lop off his ear any day." He is in the neighbourhood of the Honourable Member and ought to know what a threat it is! The sword has been put over the Honourable Member's head by the Honourable Member himself. Perhaps I am wrong; it is not a serious sword; it is only a toy sword, (Laughter)—a sword which provokes the commiseration of this pitiful House.

Lastly, Sir, the Honourable Mr. Cocke reminded us of the Inchcape Committee. He said, "Since the days of the Inchcape Committee we are endeavouring to run the Postal Department on a business basis." I ask, is the Inchcape axe meant only to cut down the livelihood of the poor or to prevent the lives of the poor being made a little more tolerable? When we remind the Treasury Benches of the Inchcape Committee's recommendations, up rises His Excellency the Commander-in-Chief and says, "The recommendations are 'fortuitous' ". He repudiates the recommendations. But when real consideration has got to be shown to the poor people of this country, an Honourable Member from the European side of this House—the non-official European side—stands up and reminds us of the Inchcape axe. My own recommendation in this behalf, Sir, is this: The Inchcape axe ought to be used rather freely to make large cuts for the rich and used rather sparingly to make small cuts for the poor.

Now, Sir, there is only one more point, if it is a point. The Honourable Member over there, the Director-General of Posts and Telegraphs, is going to retire after this Session. He will, Sir,—at any rate he hopes to—live in London and have a good time, and he will have a very good pension. Nobody will grudge him that as he has done hard work and lived laborious days. (*Lieut.-Colonel H. A. J. Gidney*: "Question.") My Honourable friend Colonel Gidney very frivolously questions that proposition. (*An Honourable Member*: "No".) Probably then he very seriously questions it. At any rate there is one serious aspect to it, and it is this. I do not think the Honourable Member has worked so very hard and in such taxing circumstances as the postal peons and the postal runners, and these poor postal runners do not get a pension. Why, I ask, should it be possible under this Government or under this system that poor men who work for long years should not get a pension while men who are getting high pay should also get a fat pension? Not that I grudge the Honourable Member his pension, but I must certainly object to the pension of these highly paid officers when they deny it to the lowest ranks. I must say that the Honourable Member has made no endeavour whatever to provide pension for the poor men in the lowest grades. (*Lieut.-Colonel H.*

**A. J. Gidney:** "Shame.") Yes, it is a great shame, as the Honourable Member representing the Anglo-Indian Community rightly says.

Nor can I congratulate the Honourable Sir Bhupendra Nath Mitra for having done so little but I do not blame him. He is an Indian among Europeans. He is a dark man among the white men. Naturally it is very difficult for a dark man to do what he desires to do. He was not responsible for the Lee Commission Report. He was not responsible for giving all those concessions to the Europeans and denying them to the poor people of this country. Therefore I do not blame him. On the other hand I congratulate him on what little he has done and I must feel sorry for what he has failed to do.

I will just dwell on the specific point on which I have given a cut, that is, with regard to the provision of blankets for the poor postal runners in the hill districts. They live in cold all the year round, and amidst the snows in winter. The Honourable the Commerce Member knows how the railway employees living in the heat are provided with warm clothing in winter and light clothing in summer. I think it will be a very good thing if the postal runners in the Himalayan hills and other hills in India are provided with blankets. I have come into contact with them and I know what great difficulties they are put to. I do not want to draw a painful picture or give a pathetic account of them but I do hope the Honourable Member will look into the special difficulties of the postal runners in the hill districts and make provision for their needs.

In conclusion, as the President of the Postal and R. M. S. Union for this year, I thank all those who have expressed their real sympathy and thank also the Honourable Member in charge for what little he has done. I must also thank the retiring Member for trying to listen to the employees' grievances, though he has not been able to do much.

**Mr. Sarabhai Nemchand Haji** (Bombay Central Division: Non-Muhammadan Rural): Sir, reference has been made in connection with this debate to the economic law of demand and supply, and I beg to suggest that if some effort is made to open up within the department new avenues of employment for Indians, some of the rigours of that iron law might be softened down. As one of those avenues I beg to draw the attention of the department to the provision of facilities for training Indians in wireless and in marine wireless telegraphy. There are certain difficulties—I do not want to go into details about them as the department knows all about them—and I hope they will do all that is necessary to provide not merely training for what I may call land wireless but also make necessary arrangements for the training of Indians in marine wireless telegraphy. According to section 242 of the Indian Merchant Shipping Act of 1923,

"every sea-going British ship registered in British India, being a passenger steamer or a ship of 1,600 tons gross tonnage or upwards has to be provided with a wireless telegraphic installation of prescribed description and shall maintain a wireless service of prescribed nature and shall be provided with such certified operators and watchers as may be prescribed."

Now, Sir, under the conditions that prevail to-day it is not merely not possible for an Indian wanting an appointment as a wireless telegraphist to get the ordinary wireless training, but it is still more difficult for him to get the necessary training and subsequent appointment in marine wireless telegraphy; because under the conditions laid down it is necessary that he should have a sea experience of six months. Now, under the existing conditions, upon which I do not wish to dilate, it is impossible for Indians to get the necessary facilities. May I therefore suggest, Sir,

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that the Government should take particular care to see to it that these requirements of sea experience are provided by those steamship companies which receive from the department mail subsidies and other advantages, so that Indians who want certain facilities given to them in this connection may get what has long been due to them. With these words I beg to commend the suggestion to the Department.

**The Honourable Sir Bhupendra Nath Mitra:** Sir, we have now had a full debate on this question of the grievances of the postal subordinates. No less than 21 Members have taken part in the debate, and in the course of the discussion various matters not wholly connected with or bearing upon the question of the grievances of the subordinate staff have been talked about. It would be impossible for me to deal with all these various points in detail, and I propose therefore to confine myself to the more important items.

At the outset, Sir, I should like to express my agreement generally with the view expressed by my Honourable friend Sir Darcy Lindsay, that the floor of this House is not the proper place to discuss in detail these grievances. My Honourable friend Mr. Ranga Iyer may laugh, but when in time to come he displaces us from this side of the House, he will find that the precedent he has created is a most inconvenient one for himself. Nevertheless, I desire to express my obligation to the House for the friendly spirit in which this discussion has generally been conducted. I say "generally", for there are just a few Members who introduced a jarring note into the discussion. I shall deal with those of my Honourable friends first.

The first of these was my Honourable friend Diwan Chaman Lall. Happily his communistic views did not find support from any large body of Members of this House. From the reference in his speech to the Currency Commission's Report and to the Bombay millowner, it is possible that my Honourable friend has taken advantage of this occasion to denounce the vote which he had been persuaded to record in favour of the 16d. rupee the other day, one effect of which would undoubtedly have been to reduce forcibly the standard of living of these subordinate employees of the Post Office, among others, and that my friend was not serious in charging me and the Director General with apathy towards the sufferings of our low-paid staff. In fact, my difficulty with my Honourable friend is that he is seldom serious. On the present occasion also, he omitted to tell the House that in August 1925 I had explained to the Advisory Committee of the Legislature attached to my Department, of which he was then a member, the action which I intended to take in regard to the grievances of the subordinate employees of the Indian Postal and Telegraph Department, and had asked the members to favour me with any specific suggestions they might desire to make; and that no constructive suggestions were ever supplied by him to me. In his usual histrionic style, my friend thought that he would startle the House by figures relating to the family budget of a particular postman at Bombay, which totalled up to Rs. 78½, and by tales of heavy indebtedness of these unfortunate people. But I doubt whether he succeeded in startling anybody, particularly my Honourable friends from Bombay. Now I would suggest to my Honourable friend from North Punjab that he might seriously study the articles of family budgets of low-paid men in Bombay in the local labour Gazette, and pamphlets dealing with the conditions



in Lahore which have been issued by non-official investigators. It might interest this House to learn that the Bombay Postmen's Union had themselves asked for a pay, inclusive of house rent allowance, rising from a minimum of Rs. 40 to a maximum of Rs. 75 after 20 years' service, and that apparently they would be satisfied at present with a pay inclusive of house rent allowance of Rs. 40 rising by an annual increment of one rupee to Rs. 60. In fact that was the suggestion which was also supported by my Honourable friend, Mr. Joshi.

**Mr. N. M. Joshi** (Nominated: Labour Interests): May I explain that that will not give them full satisfaction, but they would be content to have that for the present?

**The Honourable Sir Bhupendra Nath Mitra:** I think, Sir, I mentioned that they would apparently be satisfied for the present with that. So much for my Honourable friend, Mr. Chaman Lall.

I shall next turn to my friend, Mr. B. Das. He apparently belongs to that excellent Trade Union of Engineers; and he apparently holds the opinion that an Engineer alone can hold and fill with credit these higher administrative appointments in the Indian Postal and Telegraph Department. (*Mr. B. Das:* "What about Sir Clement Hindley on the Railway Board? He is an Engineer.") He drew particular attention to the dissenting minute of my Honourable friend to my right appended to the Ryan Committee's Report, probably because my Honourable friend (Sir Ganen Roy) also belongs to the same Trade Union as my friend, Mr. B. Das. Now, Sir, the effect of the proposals contained in that minute would be a reduction of two or three in the number of administrative appointments. That is all. When I asked my friend, Mr. B. Das, to indicate to me what other economies were indicated in that dissenting minute, my Honourable friend referred me to certain general platitudes. But, Sir, when we look at the table on page 76 of the Ryan Committee's Report, what do we find? According to that table, of the 14 administrative appointments, four only are to be held by officers of the Postal Branch of the Department and ten by officers of the Telegraph Engineering Branch. At the present moment I have got in the Department five officers of the Indian Civil Service four of whom are holding these appointments of Postmasters-General. I have also got a certain number—I think there are about four of them—of Indians and statutory Indians who joined the service in the Postal Branch of the Department and who have by dint of good work and length of service risen to the position of Postmasters-General. Does my friend, Mr. Das, seriously urge that I should get rid of these deserving officers and fill up their places by officers from the Telegraph Engineering Branch? I am sure that no other Member of this House will support him and I for one shall never do it. The essence of the proposal contained in that minute is already being worked as an experimental measure in the Bombay and Central Circles. In these two circles, I have put in the Postmaster-General to take whole charge of the work of the Circle, the Director of Telegraph Engineering, where he exists, functioning as his Deputy. That is an arrangement which, I hope, will conduce to a more efficient administration of the work of the whole circle.

**Mr. B. Das:** Why not have seven Combined Circles?

**The Honourable Sir Bhupendra Nath Mitra:** I do not want to give way. The Honourable Member will never understand the position.

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(Laughter). If that experiment proves successful, it will no doubt be extended to other Circles, but I cannot possibly all at once take the plunge which . . .

**Mr. C. S. Ranga Iyer:** On a point of order, Sir. Is an Honourable Member entitled to snore in this House?

**Mr. President:** Order, order.

**The Honourable Sir Bhupendra Nath Mitra:** Now, Sir, that experiment, if it proves successful, will be extended to other Circles, but it is obviously impossible for me, with due regard to the interest of the efficiency of the services rendered by the department, to take a plunge like that which my Honourable friend from Bihar and Orissa in his impetuosity would like me to take. I think, Sir, I have now dealt with him.

**Mr. B. Das:** What about vested interests?

**The Honourable Sir Bhupendra Nath Mitra:** Vested interests? I do not know what interests he is referring to. I am very sorry that when he made his speech he wholly overlooked the vested interests of the officers, who are already in the department who belong to the Indian Civil Service and to the Postal Branch of the Department, the officers of the last named category being almost wholly Indians. I do not know what other vested interests he is referring to; but even if he is referring to the vested interests of the Anglo-Indian, I shall give him a reply. So long as I am in charge of this Department, I shall not agree to listen to any demand for depriving any person now in Government service of his means of livelihood; if in pursuance of a policy of Government a readjustment of the incumbents of appointments has to be made with reference to the claims of various communities, that will be done by the process of gradual recruitment of the various communities and not by removal from service of the people who are already there. (Applause).

I next turn to my friend, Mr. Farookhi; and I would not have taken notice of him but for the fact that he talked about a matter regarding which he has apparently very little knowledge. My other friends from Madras know fully well the position in regard to the present rate of pay of postal clerks in Madras city. They have discussed the matter with me and they know the reasons which led me to fix that particular rate of pay. Mr. Farookhi talked of my having reduced the pay of these men. May I ask him: Whose pay did I reduce? The old rate of pay for postal clerks in Madras city was as follows: Rs. 45 in the first year, Rs. 45 in the second year, Rs. 50 in the third year; thereafter by annual increments of Rs. 3 to Rs. 65; thereafter by annual increments of Rs. 4 to Rs. 105; thereafter by annual increments of Rs. 5 to Rs. 140. That maximum of Rs. 140 was reached in the 25th year of service.

The new rate of pay is Rs. 40 with an annual increase of Rs. 5 rising to Rs. 140 in 21 years of service. I submit that this is a distinct gain. Take the earliest years under the old scale. Men used to start on Rs. 45; after two years they rose to Rs. 50; then they proceeded further with annual increments of Rs. 3. What are the new arrangements? A man starts on Rs. 40; in a year's time he gets Rs. 45; the next year Rs 50; and thereafter his rate of pay is better, year after year, than what he used to get under the old arrangements, until the maximum of Rs. 140 is reached. Has anybody been actually hit by that arrangement? The initial pay of Rs. 40 applies to new recruits.

I shall now quote for the Honourable Member's information certain figures showing the rates of pay given to clerks in "A class" offices of the Madras Government, *e.g.*, the Board of Revenue. In these offices there are two grades of clerks, *viz.*, the lower division and the upper division. The lower division clerk starts at Rs. 40 and stops at Rs. 80. The upper division clerk starts at Rs. 65 and stops at Rs. 125. I may mention that the lower division clerk does not go up to the upper division as a matter of course. His promotion to the upper division is dependent firstly on the occurrence of vacancies in the upper division and secondly on his possessing the necessary qualifications. Now if I give the postal clerk in Madras an initial pay of Rs. 40 and an automatic chance of rising to Rs. 140 after 20 years' efficient service, am I not dealing favourably with him, with due regard to his longer hours of work, and the more responsible nature of his duties? I admit there may be other aspects. I shall come to that later on, and I am at present only dealing with Mr. Farookhi. But for his speech I should have reserved what I have to say on this point later on. Earlier in the debate, Mr. Duraiswamy Aiyangar said that he had discussed the matter with me fully, that he did not want any increase in the minimum, but he wanted the maximum to be increased, which I admit is a much more reasonable proposal. I will deal with the point later on. At present I am dealing only with Mr. Farookhi.

I think at this stage it is necessary for me to make one general observation with reference to certain remarks which have fallen from several of my friends. I think it was Mr. Siddheswar Sinha who wanted the rates of pay of clerks in outstations in Bihar and Orissa to be raised to a higher level. I may tell my Honourable friend quite frankly that it is impossible to go on doing that as a general arrangement, though I am willing to consider the case of particular stations. In this connection a remark which fell from my Honourable friend, Nawab Sir Sahibzada Abdul Qaiyum, is very apposite. We cannot possibly increase the rates of pay of these employees of the Postal Department to a much higher level above that given to other employees of the Central or Local Government, after due consideration of the different classes of work and hours of work. The same remark applies to special concessions in the direction of exemption from operation of general service rules, etc.

My Honourable friend, Maulvi Muhammad Yakub, seemed to me to have gone slightly off the rails. He talked about the need for equalising the pay of the Railway Mail Service sorters with that of the postal clerks. He overlooked the fact that one of the measures, for which provision has been made in the Budget for 1927-28, is intended to have this effect, and that it is proposed to go further and to give the Railway Mail Service sorter in addition an outstation allowance under certain conditions which are now being worked out. My Honourable friend has my fullest sympathy in his disappointment that it will not be possible to do more for the postman and inferior servants in 1927-28. It is a matter of deep regret to me that the funds at my disposal in the Budget of 1927-28 did not permit of my dealing more fully with men of these classes. Indeed, it was my original intention to give these men preference to the clerks in the proposals to be included in the Budget for 1927-28. Unfortunately, the connected scheme could not be fully worked out by the time when the Budget had to be closed; and I had no option but to put into the Budget the schemes relating to clerks which had been fully worked out. Later on, if funds can be made available by reappropriation, I shall do my best to introduce

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measures for the improvement of the pay and allowances of the postmen and inferior servants at stations which are not included in schemes entered in the Budget. At the same time, I must say that I do not agree with all that my Honourable friend Maulvi Muhammad Yakub has said in regard to the inadequacy of house rent allowances for men of this class at various stations. Mr. Yakub also asked me why the schemes for increasing the house rent allowances of men of these classes were introduced from the 1st October, 1926, though money was available in the Budget of the current year for granting the increased rates from an earlier date. Mr. Yakub has apparently overlooked the financial rule which stands in the way of giving retrospective sanction to schemes, and the desirability of enforcing which has been impressed upon Government by the Standing Finance and the Public Accounts Committees of this House.

On my own behalf, and on that of the Director General and his Department, I desire to express our grateful thanks to my Honourable friends Messrs. Kelkar, Duraiswamy Aiyangar and Joshi and Sir Darcy Lindsay and others for the kind appreciation of our efforts in the direction of ameliorating the conditions of service of these unfortunate subordinate employees of the department. In this connection I desire on the floor of this House to pay a well deserved tribute to Mr. Rogers, the Postmaster-General of Bombay, who has been of the greatest assistance to me in working out the various schemes. (Applause.) I was glad to hear from the Honourable Mr. Kelkar of the good relations existing in the Bombay Circle between the subordinate staff and the higher officers. I have myself been pleased to see other evidences of these good relations, and it gave me considerable pleasure recently to receive from the Secretary of the Postal Clerks and Postmen's Unions in Bombay communications thanking me for all that I have been able to do for the men.

Before dealing further with the subject of grievances, I should like to deal with certain questions of a more general character which have been raised during the debate. My Honourable friend Mr. Joshi said that the postal branch of the Department produces considerable surpluses year after year which are utilised to meet the deficits in the telegraph branches. May I point out to him that that statement is not wholly correct? I must, at the same time, admit that my friend has some justification for it, as the accounts for 1925-26, compiled under the new system, and the figures of the revised estimate for 1926-27 and the Budget for 1927-28, as originally placed before this House, do lend colour to some such impression. As a member of the last Public Accounts Committee, my friend has no doubt seen the Memorandum on the Reconstitution of the Postal and Telegraph accounts which has been printed as Appendix IV to the report of that Committee for 1924-25, and which concludes with the statement that when complete adjustments have been made, "there is reason to believe that the ultimate results arrived at may indicate that neither the Post Office nor the Telegraphs is working at an appreciable profit or loss". From a document which has recently been circulated, it will be seen that these adjustments have been made in the Revised estimate for 1926-27 and in the Budget for 1927-28; and the result is a Postal surplus of Rs. 11·85 lakhs in 1926-27 and of Rs. 8·01 lakhs in 1927-28, with deficits of Rs. 14·18 lakhs and Rs. 5·97 lakhs in the Telegraph Branch and of Rs. 4·34 lakhs and Rs. 2·80 lakhs in the Telephone Branch. It will not be possible to obtain a true picture of the position until accounts in the new

form and with complete adjustments are available. I should like to add that Mr. Joshi was hardly correct in stating that the postal surplus is contributed to wholly by the poor man. As a matter of fact, it comes almost wholly from the businessman who is equally interested in telegraphs and telephones.

My Honourable friend Mr. Kelkar drew attention to the growth of 3 lakhs or 44 per cent. in the non-voted expenditure in 1927-28 over that for 1925-26. Now, Sir, this increase does not mean that we are employing in the Department an increasing number of officers whose pay is non-votable. It is due to a general cause to which reference has been made earlier in the budget debate—I think by my Honourable friend Mr. Rangaswami Iyengar, namely, the transference of certain classes of expenditure from the voted to the non-voted category. As a matter of fact, the number of officers with non-Asiatic domicile whom we employ in the Indian Postal and Telegraph Department is very small compared to the total staff employed. In the Postal Branch, we have got only about a dozen of the former against a total staff in the neighbourhood of a lakh. In the Telegraph Department the number is slightly higher. It is at the present moment about 40, the corresponding figure for 1913-14 being 65. This is due to the fact that in the Telegraph Department we have got to employ a fairly large number of superior engineering officers; but here too with the grant of the Lee Commission's concessions the complementary part of their recommendations has been adopted and recruitment of officers of non-Asiatic domicile has been reduced to 25 per cent. of the vacancies.

Mr. Kelkar also drew attention to the fact that between 1924-25 and 1925-26 the voted postal expenses have risen from Rs. 557 lakhs to Rs. 600 lakhs, while the voted telegraph traffic expenses have risen from Rs. 122 lakhs to Rs. 148 lakhs. Now, Sir, almost the whole of the latter increase is accounted for by the fact that since 1925-26 we have been debitting to telegraph traffic a sum of over Rs. 25 lakhs on account of the share of cost of combined offices. If this adjustment had been made in 1924-25, the postal expenses in that year would have amounted to 532 lakhs and the telegraph traffic expenses to 147 lakhs against 600 lakhs and 148 lakhs respectively in 1927-28. There has been a large increase of 68 lakhs in the postal expenses due to the growth in traffic and to the measures taken for the improvement of conditions of service of the subordinate staff; while the increase in the telegraph traffic expenses during the period has amounted to only about 1 lakh. The result in the latter case is partly due to the fact that during this period we have been consuming our surplus telegraphists.

Mr. Kelkar also wanted to compare the pay and allowances of postal clerks in Administrative offices with those of clerks in Secretariat offices and perhaps also in Account offices. Sir, I have personal experience and knowledge of work in all three classes of offices, having actually worked as a clerk in an account office and in a Secretariat office; and I can assure the House that no comparison is possible. The work done by the majority of clerks in the postal administrative offices does not materially differ from that done by an ordinary clerk in a post office, while the hours of work of the former are less than those of the latter. There is, however, a certain number of clerks in the postal administrative offices employed on really important work, and their case will receive due consideration. I can also assure my Honourable friend that the duties of a departmental signaller, and the technical skill required from him, do not wholly bear comparison

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with those of an ordinary postal clerk or signaller. Even so the departmental remuneration as compensation for liability to general service all over India 80—5—170 as against Rs. 60—5—160 given to the postal clerk, and a graduate entering the latter service, *i.e.*, of a postal clerk, as a matter of fact also starts on Rs. 80.

The departmental telegraphist in the general service gets a higher remuneration as compensation for liability to general service all over India and Burma. The postal clerk's transfers are ordinarily limited to the postal division, consisting of about a couple of districts, for which he is recruited. My Honourable friend will no doubt recognise that an employee of the former class should, in fairness to him, receive a higher scale of remuneration than the latter; and it has indeed been urged by some Members that the remuneration which a departmental telegraphist of the general service now receives is not adequate to keep him out of debt after meeting expenses consequent on transfer, including in some cases the maintenance of double establishments. I am not however prepared to accept the validity of this contention. It is true at the same time that in present conditions the liability of the general service telegraphist to transfer all over India and Burma is more on paper than a real one. To make the liability more effective it is our intention to reduce the number of general service departmental telegraphists by an increase in the station service.

In regard to the recruitment for the services of departmental telegraphists owing to a surplusage in the staff, recruitment has practically been stopped in recent years except to the extent required to meet our commitments to certain Anglo-Indian and Indian schools. We hope that this surplusage will be wiped out in 1927-28 and I am now engaged in working out a scheme of recruitment for the future which will do away with the preferential treatment now enjoyed by certain schools, though it may be necessary to continue the arrangement for another year, and which will be framed with due regard to the claims of the various communities and of the men already employed in the department on signaller's duties.

My friend Mr. Joshi also asked a question in regard to the proportion of Indians in the Wireless Branch of the Department; and my friend Mr. Haji wanted to know what facilities there were for the training of Indians in wireless including marine wireless. Now, Sir, in the Superior Service of the Wireless Branch, out of 7 appointments, 2 are filled by Indians—I think my friend Mr. Joshi will admit that that is a fairly good proportion to start with. In regard to the subordinate gazetted service and wireless operators, there are 78 Europeans and 54 Indians, including in that term statutory Indians. Well, Mr. Joshi may laugh, but I am afraid I cannot help the position.

**Mr. N. M. Joshi:** I do not want that the statutory Indians should be treated as non-Indians, but I want the two classes to be separate. That is all.

**Lieut.-Colonel H. A. J. Gidney:** Why?

**Mr. N. M. Joshi:** I should like to have the figures of Anglo-Indians and other Indians.

**The Honourable Sir Bhupendra Nath Mitra:** If that is all that my friend wants, I shall tell him. At the present moment, one Indian of unmixed descent is employed in the Wireless Branch, but the other day I gave

him the reason as to why there is so far only one such Indian. We are trying to get rid of the surplussage of departmental telegraphists in the Telegraph Branch of the Department, and we have drafted several of these men into the Wireless Branch. At the same time, I think, I also informed my friend that steps are being taken to introduce a scheme of recruitment which will give proper facilities for the employment of Indians. There is a departmental wireless training class in Calcutta which, in addition to training subordinates of the department, offers special facilities for instruction of private students in wireless. I have been given to understand that facilities exist there also for training in marine wireless, though we have received no applications from any private students for instruction in this particular branch of the subject. The explanation probably is that some preliminary experience on ships is required, as was mentioned by my friend Mr. Haji. If that is so, I shall have the matter further looked into.

Then, Sir, it was hardly fair for my friend Lala Lajpat Rai to have asked me to confirm a statement made in another place by the Secretary in my Department. All the same, I can state for the information of my Honourable friend, who at the present moment is not here, that a general scheme for the future recruitment of postal clerks is now being worked out, and that will provide for due representation of various communities in accordance with the general principles laid down by the Government of India. That will remove any abuse, if such abuse does exist, in particular circles in the matter of recruitment.

I shall next turn to the question of grievances. I can assure the House that ever since February 1925 when on a request from my friend Mr. Jinnah I gave a pledge to the House that I shall examine these grievances, I have personally spared no pains in discharging to the best of my ability the commitment which I then entered into. (Applause). The House will readily recognise that the question is a large one, including as it does, hours of work, paid holidays, rates of pay and allowances, housing, uniforms, etc. No aspect of the question has escaped my attention. At the outset, however, I had to recognise that I was bound by financial limitations. I was, however, glad to find that my Honourable colleague Sir Basil Blackett had stated on the floor of this House that he did not desire to treat the Indian Postal and Telegraph Department as a profit-earning institution and he has repeated that statement again in his budget speech on the 28th of February last. I took advantage of this declaration and entered into an arrangement with him by which any small surplus earned by the Department as a whole, which would be of no use for the purpose of reduction of rates, would be available for developing the service on efficient lines, due regard being paid to economy. One of the items of such development is the expansion of postal facilities in rural areas, which to my mind is the best means of helping the poor man. The other item is the amelioration of the conditions of service of the low-paid staff, for, unless we get the staff into reasonable state of contentment, it would be impossible to secure the proper efficiency of the service. I was able to persuade my Honourable colleague to accept this arrangement, and it is this arrangement which has helped me not only to take certain action in the direction of ameliorating the conditions of service of the subordinate staff but also of largely extending postal facilities in rural areas. What I have been able to do in the former connection will be found in the Memorandum appended to the detailed statement in support of Demands for Grants for the Indian Postal and Telegraph Department for the year 1927-28, and the published

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reports of the proceedings of the Standing Finance Committee. In regard to the development of postal facilities in the rural areas, I have already informed this House that whereas in the 9 years ending 1924-25 only 780 additional offices,—permanent and experimental,—were opened, in the two years 1925-26 and 1926-27 we shall be able to open 1,400 new post offices. I consider the financial arrangement to which I have referred to be in the best interests of the Indian Postal and Telegraph Department. If the House itself is really sincere in its desire for the development of postal facilities in rural areas, and for the further amelioration of the conditions of service of subordinate employees, I would beseech it not to take any action to disturb this arrangement. For, once that arrangement is disturbed and the Indian Postal and Telegraph Department has to depend on a subsidy from the general tax-payer, my position will simply be that of one of the numerous beggars who knock at the door of my Honourable colleague at budget time for a share of any surplus that is available for distribution. The demands on him are numerous, and I know in that event what will be my fate. Not only will any rapid development of postal facilities in rural areas be impossible, but any further progress towards amelioration of the conditions of service of the subordinate staff will be largely retarded. Indeed, the position may become much worse. It will be difficult for me to get adequate staff required for the performance of the services of the Department on efficient lines and there will be an inevitable sweating of the existing staff. I am much obliged to the Honourable Sir Darcy Lindsay for having already drawn attention to the financial aspect of the subject. I do not propose to deal in detail with the various suggestions which have been placed before me, for further improvements of pay, etc., of the subordinate staff, for I understand that they are in the nature of suggestions for my consideration, and I am not required at this stage to commit myself in regard to them one way or the other. Subject, however, to what I have said in regard to the financial arrangement and on the general subject of pay and allowances of the subordinate employees in the Postal and Telegraph Department, I can assure the House that all these suggestions will receive my most careful and sympathetic consideration, particularly that in regard to the further improvement in the pay of the postal clerks in Madras City. I have already justified the action which I have taken in that connection; but in view of the considerable feeling expressed in this House, not only by many reasonably-minded Members from Madras but also from other provinces, it is possible that there is some aspect of the question which has been overlooked by me, particularly as I never had the good fortune to visit Madras. (*Mr. R. K. Shanmukham Chetty: "Come there."*) If, however, it is the desire of the House to disturb the financial arrangement to which I have referred, I shall have to conclude with deep regret that it is not their desire to help me in the rapid achievement of the goals at which, as already indicated, I have set my heart.

**Mr. President:** Does the Honourable Member (Mr. Prakasam) ask for leave to withdraw?

**Mr. T. Prakasam:** No, Sir.

**Mr. President:** The question is:

("That the Demand under the head 'Indian Postal and Telegraph Department (including Working Expenses)' be reduced by Rs. 1,500.")

The motion was negatived.



**Mr. President:** As a result of the debate we just had items Nos. 47 to 57 are disposed of. I do not know if any Honourable Member maintains that any of these items is not disposed of. (No Honourable Member raised any objection.) I therefore call upon Mr. Neogy to move No. 58.

*Division of Portfolios and non-appointment of a Member for Communication.*

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move that the Demand under the head "Indian Postal and Telegraph Department (including Working Expenses)" be reduced by Rs. 100.

The point that I want to raise in this debate has been indicated by me on the agenda paper. My complaint is that there is no Minister for Communications in this Government as recommended by no less than three expert committees. I raised this point on two previous occasions, but unfortunately for me, I did not succeed in getting a reply from Government. That is the reason why I desire to raise this point specifically with a view to get a reply from Government. Sir, in the first Legislative Assembly an Honourable Member contended that in the interests of the physical well-being of the Honourable Members of the Executive Council a little more work ought to be entrusted to the Indian Members so as to relieve the European Members of the Executive Council of the very heavy burden that falls on their shoulders. It is not my intention on the present occasion to reflect on the growing rotundity of some Honourable Members of the Executive Council and the deepening furrows on the faces of others. (Laughter.) I maintain that it is a very serious question, and that the present is an opportune moment for revising the portfolios as they are at present constituted in the Government of India. Sir, first of all this question came up before the Llewellyn Smith Committee. The Committee was presided over by Sir Hubert Llewellyn Smith, a civilian of great repute who was brought out from England with a view to advising the Government of India on the re-arrangement of their administrative machinery at the headquarters of the Government. Unfortunately for us non-official Members, the full report of this Committee is not available to us. Only certain extracts have been placed in the Library, but I find from the Acworth Committee Report that the Llewellyn Smith Committee had made a recommendation for the establishment of a portfolio of Communications in the Government of India. The second committee that made almost the same recommendation was the Acworth Committee. The Acworth Committee contemplated the constitution of a portfolio of Communications including the Railways and Posts and Telegraphs and Transport. Perhaps they would have included Aviation too if that subject had engaged their attention at that time.

**Mr. K. Ahmed:** How does this come under the Postal and Telegraph Department?

**Mr. B. Das:** You will not understand it.

**Mr. K. O. Neogy:** My Honourable friend raises a very pertinent question. My desire is that the Postal and Telegraph Department should be represented in this House by a Member who should call himself the Member for Communications, and not the Member for Industries and Labour. That is my point. Then, Sir, the third committee that made a very similar recommendation was the Inchcape Committee who found

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that the work of the Government of India was entrusted to too many departments and too many portfolios, and they suggested that the civil administrative departments should be divided into three portfolios—one of them being the membership of Communications comprising Railways and Posts and Telegraphs. We find from the Retrenchment Committee's Report that at the time when the Committee were considering this point the Government of India had taken up the position that this particular matter was engaging their attention. I do not know whether the Government of India have come to a decision since then. As I said, the present is an opportune moment for this House to raise this question, because Sir Charles Innes is about to retire and his portfolio might very conveniently be redistributed so that we might have a Member for Communications who would be responsible for the administration of the Railways, Posts, Telegraphs, Civil Aviation and other cognate subjects leaving Commerce and other cognate subjects to be administered by Sir Charles Innes' successor. Sir, I cannot help raising one more point that I raised on the two previous occasions. I am very sorry to have to say this, but I cannot keep from this House my suspicion that the reason why the Government are not giving effect to this recommendation is that if this re-arrangement were to be brought about, either the Commerce portfolio or the Communications portfolio would have to be entrusted to the hands of an Indian Member of the Executive Council. Sir, it is no pleasure to me to give expression to this suspicion that is in my mind. But, Sir, it depends on the Government by their action to dispel such suspicions that may be very reasonably lurking in the minds of non-official Members. Sir, with these words, I move my motion.

**Mr. K. O. Roy** (Bengal: Nominated Non-Official): Sir, I desire to support the motion of my friend Mr. Neogy. From my experience of the Government of India I know that the Member in charge of the Commerce and Railway Departments is extremely overworked. Of late he has taken upon himself the charge of the Ecclesiastical Department. The Ecclesiastical Department was formerly run by the Department of Education, Health and Lands, but as that Department was Indianized, the charge had to go to Sir Charles Innes. The impending retirement of the Honourable the Commerce Member provides an excellent opportunity for the Governor General to redistribute the portfolios, and also the impending retirement of Sir Clement Hindley gives an opportunity to reconsider the composition of the Railway Board. This Railway Board was constituted at the instance of Mr. Thomas Robertson, who came from Ireland many years ago and made certain definite recommendations. But the Board of to-day is not the same Board which Mr. Thomas Robertson had in view. The impending retirement of these two Honourable gentlemen from the Government of India provides an excellent opportunity and the Governor General in Council will do well to seize it.

As regards the distribution of portfolios between the European and Indian Members, I know, Sir, that the Indian Members are equally hard worked. I think my Honourable friend Sir Bhupendra Nath Mitra has innumerable subjects to deal with, almost numberless, and I should not like to overburden him with the charge of Railways. (Humanly speaking, Sir, he cannot discharge that obligation in addition to his present duties.

As regards my friend the Honourable Sir Muhammad Habibullah, the growth of overseas questions and of Indian interests abroad has placed upon him such a stupendous and delicate task that I should not also like to overburden him with Railways or the Post Office. But what I feel is that the Railways should be entirely separated and attached to the Post Office and the Department of Communications, and if you like, under an Indian Member to be attached to the Government of India.

**Mr. B. Das:** Sir, I feel highly gratified and feel very happy that I am taking part in this debate. During the last two years I and some other friends have given seven or eight cuts in order to bring this subject up for discussion before the House. Unfortunately, owing to the idiosyncracies of this House we have never been able to reach it. (Laughter.) Well, as my friend Mr. Neogy told the House just now, this is the most opportune time to discuss the subject. We have a new Governor General. Lord Irwin is new to India and new to the Civil Service here. He does not know the policy of the Civil Service, and if he knows the mind of this House and knows the mind of Indian India, it may be that he will split up the portfolios, which he alone can split up and not the Honourable Sir Charles Innes. The other day—I may have been wrong—I questioned him about his successor, and he said it is the King-Emperor who appoints his successor. I know, Sir, that the King-Emperor appoints successors to any Honourable Members on the other side, but it is on the recommendation of the Governor General in Council, and when the Governor General becomes bureaucratic and seasoned in India he follows the dictates of the Executive Bench on that side. So that it is best, while Lord Irwin is new to India, that he should know the mind of Indian India. Sir, a Member for Communications, who will be in charge of the different modes of communication, be it Railways, be it Ports and Harbours, be it Posts and Telegraphs, or that newly born child—Civil Aviation—will see that there is no clash of interests between the different sections. We know how the railways are fighting against the development of small ports, minor and major ports, because it is against the interests of the railways that coastal traffic should be developed, and they do not allow the development of minor ports whether it is in my own province, Orissa, or on the Bombay side. If the Member for Communications is one who is above all this, and who looks into the interest of the people apart from the interest of railway administration, apart from the interest of Port Trusts or combined Port Trust and British shipping interests, then in time coastal traffic will be reserved to Indian owned shipping companies and Indian steam-ship companies initiated by Indians will develop, and whether our internal trade is borne by the railways or by steamers, they will all be borne to help the people and not for the interest of one system of communications or another system of communications. But I need not go into that in detail. (Hear, hear.) I do not know the mind of my European friends there, and even if they do not agree with us, I do not care (Laughter); nor does India care; if you are our friends, try to be just; if you are not just, we will try to ignore you. (Laughter.) But it is time that the portfolios under His Excellency the Governor General were reshuffled, and a Member for Communications appointed; and let him be an Indian Member who will be in charge of all these subjects that deal with communications.

**Mr. Sarabhai Nemchand Haji:** Sir, I rise to support this demand for the amalgamation of all the activities of the Government of India which are concerned with our communications. The Honourable Mr. Neogy has already told us that this question has been one which has been before the Government for a very long time. Three Committees have discussed it and recommended some sort of amalgamation. So far as the Indian point of view is concerned, my feeling is that the great reason, the predominant reason why we are in favour of an amalgamation of communications and the placing of that Department under an Indian (*Mr. K. Ahmed*: "No, no.") is that under an Indian the railways and the waterways will develop along lines which are economically beneficial to our country. One of the reasons, Sir, why this post should be created—and I do not want to deal here with the question whether an additional Member of the Executive Council should be appointed, or whether there should be such a reshuffling of the portfolios that all the communications are brought under one head—is that if they had been brought under one head, and if an Indian had been placed in charge of that Department, last year this House or rather its predecessor and the country would not have heard from the Government Benches a speech which, as I shall presently point out, is remarkable in so far as it ignores the long-expressed desire of the people of India in the matter of the mercantile marine.

Sir, this question of the mercantile marine is one which . . . .

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): I rise to a point of order, Sir. The question we are discussing is whether there should be a Department of Communications, not the question whether there should be an Indian Member for it.

**Mr. President:** I understand the Honourable Member gives his reasons why all communications should be in the hands of one Member.

**Mr. Sarabhai Nemchand Haji:** I beg to submit that ocean roads are as much our lines of communication as the land roads and the rail roads and others that will be brought under this one Department of Communications. I quite realise the anxiety of Sir Charles Innes that I should not at this stage go into a detailed criticism of his speech in the last Assembly in treating the Report of the Mercantile Marine Committee; but if I do so, it is merely to point out that by having one head for all these Communications, we would have got from the Indian Member, that I pre-suppose, much more sympathetic consideration of a demand which has not merely been urged from different corners of India, but consistently put before the Government.

**The Honourable Sir Charles Innes:** Since when?

**Mr. Sarabhai Nemchand Haji:** For years together, Sir. I will presently come to the details if you will allow me. All the feeling on this subject was concentrated, as I was going to say, before the Indian Mercantile Marine Committee which, at the instance of Sir Sivaswamy Aiyar, was appointed in 1923. Now, Sir, I will just point out to you what difference it makes in the treatment of these subjects of Communications when there is one Member who is in charge of all our Communications and particularly when the Member happens to be an Indian. Sir Sivaswamy Aiyer introduced his Resolution in January 1902 recommending that a Committee be

appointed to consider the question of nautical training and the development of an Indian Mercantile Marine and I am sure that from the facts that I will give it will be clear that if there was one Member and if . . .

**The Honourable Sir Charles Innes:** May I again rise to a point of order? I entirely fail to see how this is relevant. May I point out what the Honourable Member calls ocean communications and land communications are already under one Member of Council, namely, myself.

**Mr. President:** Does the Honourable Member agree to the premises that both these communications are already under one Member?

**Mr. Sarabhai Nemchand Haji:** I beg to point out, Sir, that the ports . . . .

**The Honourable Sir Charles Innes:** They are under me.

**Mr. President:** I quite appreciate the anxiety of the Honourable Member to discuss the question of the mercantile marine; but I am afraid I cannot allow this debate to be turned into a debate on the policy of Government regarding the mercantile marine.

**The Honourable Sir Charles Innes:** There is a motion on the paper later.

**Mr. Sarabhai Nemchand Haji:** I beg to state, Sir, that I do not here want to discuss at length the question of an Indian mercantile marine. All that I am concerned with is to point out that if this amalgamated Department was under an Indian Member of the Executive Council . . .

**The Honourable Sir Charles Innes:** On a point of order, Sir, we are not discussing whether there should be an Indian Member, but we are discussing whether there should be one Department of Communications.

**Mr. President:** Is it or is it not a fact that Ocean Ways and Railways are under one head?

**The Honourable Sir Charles Innes:** Railways, Ports, Shipping, Navigation, are all under one head already, Sir.

**Mr. President:** This is a sufficient answer to the Honourable Member.

**Mr. Sarabhai Nemchand Haji:** I beg to point out that the question of the licensing authority, whose creation is recommended by the Mercantile Marine Committee (Laughter) in order to develop the Indian mercantile marine, is one of the matters that will come under this Member for Communications. That being so, Sir . . . . .

**An Honourable Member:** Go on.

**Mr. President:** Go on as far as you can.

**Mr. Sarabhai Nemchand Haji:** That being so, Sir, I will revert to the point that I was making, namely, the long delay in putting up measures . . . . .

**The Honourable Sir Charles Innes:** I rise to a point of order.

**Mr. President:** I cannot allow the Honourable Member to proceed any further.

**Mr. Sarabhai Nemchand Haji:** I hope you will allow me to discuss this licensing authority, because, Sir, this . . . .

**The Honourable Sir Charles Innes:** May I ask how licensing authorities affect the Department of Communications?

**Mr. President:** Mr. Ruthnaswamy.

**Mr. M. Ruthnaswamy** (Nominated: Indian Christians): Sir, my reason for supporting this amendment is that I believe it is one of the ways in which development of the facilities for communication in this country can be ensured. If there is to be a development in road building . . .

**The Honourable Sir Charles Innes:** I rise to a point of order. Road building is a provincial subject.

**Mr. M. Ruthnaswamy:** But there are some roads under the Honourable Member's jurisdiction?

**The Honourable Sir Charles Innes:** Only in those areas under the Central Government, or strategic roads.

**Mr. M. Ruthnaswamy:** If roads are not under the Honourable Member's jurisdiction, I wonder why he took part in the discussion that took place the other day in another place in regard to the further development of road building.

As I was saying, Sir, when I was interrupted, if there is to be that progress in the building of communications which is necessary for the development of the resources of this country, it is necessary that all communications should be under one department under one Minister. The utter inadequacy of the roads in India is almost a by-word and reproach. By the most generous calculation there are only 200,000 miles of road, and this added to the 30,000 miles of road gives us a total land communication of only 230,000 miles. Everybody who knows the extent of communications that exist in the most advanced countries, or of even the least advanced, of Europe, will know that it is utterly inadequate for the resources of this country. With the coming of the motor car as a means of transport, every country has felt that the road is once more coming into its own. (*An Honourable Member:* "What about the Air Force?") So much so is this felt that immediately before and during the War in Europe in almost every country in Europe a special Ministry of Transportation was established. England which is so afraid of bureaucratic development was not afraid of establishing a Ministry of Transport during the War, which has survived the War.

There are many practical reasons, Sir, why all communications should be brought under the jurisdiction of one department. Everyone has noticed the utter insufficiency of bridges over most of our rivers in this country.

(*An Honourable Member:* "Breaches?") No, bridges. I know that there are breaches, but I was talking of bridges. Now if railways and

4 P.M. roads had been under one department, the building of a railway bridge would at the same time have helped the building of a roadway under the railway bridge, so that, not only could railways cross the river but foot passengers could walk across the river on the road-bridge.

**The Honourable Sir Charles Innes:** Who would pay?

**Mr. M. Ruthnaswamy:** Who pays now?

**The Honourable Sir Charles Innes:** The Local Governments.

**Mr. M. Ruthnaswamy:** In this connection I should like to refer to the sympathetic attitude taken by the Member for Commerce in the other place when a discussion took place on the establishment of a Road Board and the development of road communications in India. He undertook to accept the Resolution moved by, I think, the Honourable Mr. Suhrawardy in the other place and gave an undertaking that he would consider sympathetically the question of appointing a committee which would examine the whole question of the development of communications. In the course of the numerous interruptions for which the Honourable Sir Charles Innes was responsible during the speech delivered by my friend Mr. Haji, he made a point by saying that, even now railways and ports and other things were under the same Member. But Mr. Neogy's grievance was that Sir Charles Innes was at the same time in charge of Commerce, and although we know the efficiency of Sir Charles Innes and his infinite capacity for taking pains, I do not think that the marriage of Commerce to Railways is favourable to that development of communications which we are all looking forward to. I am not dealing at all with the question whether an Indian should be appointed in charge of either of these departments because I think that issue is an utterly irrelevant issue; what Mr. Neogy's amendment is asking is that the whole business of developing the communications of this country should be placed under one department, so that those communications may have a decent chance of development in the near future.

**The Honourable Sir Charles Innes:** Sir, had I been present when Mr. Neogy moved this motion, unfortunately I was detained outside the House, I would have appealed to you on a point of order, because the effect of Mr. Neogy's motion, if it is carried, is that the Governor General in Council will be censured for a matter which is entirely outside the purview of the Governor General in Council. Under section 40 (2) of the Government of India Act it is the Governor General who makes rules and orders for the more convenient transaction of business, not his Executive Council.

**Mr. K. C. Neogy:** Will you please read out that section?

**The Honourable Sir Charles Innes:** I am always ready to oblige Mr. Neogy:

"The Governor General may make rules and orders for the more convenient transaction of business in his executive council, and every order made, or act done, in accordance with such rules and orders, shall be treated as being the order or the act of the Governor General in Council."

**Mr. K. C. Neogy:** "In Council."

**The Honourable Sir Charles Innes:** At any rate it is entirely a matter for the Governor General to decide how the portfolios of his Executive Council shall be distributed; it is not a matter which directly concerns the Governor General in Council. Nevertheless this question has come up on more than one occasion during my term of office. Indeed I do not think there has been a budget debate in which my friend Mr. Neogy has not raised it, or at any rate has not attempted to raise it. Indeed it is a fascinating occupation to indulge in projects for the redistribution of work among the different Members of the Executive Council. The

[Sir Charles Innes.]

Llewellyn Smith Committee tried their hand at it; the Acworth Committee tried their hand at it and the Inchcape Committee again tried their hand at it. (*An Honourable Member*: "But without success.") But these Committees, distinguished though they were, possibly had not, all of them, the necessary experience of work inside the Government of India to enable their recommendations in this particular matter to carry that authority which their other recommendations did.

**Mr. K. C. Neogy**: May I remind my Honourable friend that Sir Malcolm Hailey was a member of the Llewellyn Smith Committee?

**The Honourable Sir Charles Innes**: Sometimes Homer nods! I myself have never been able to see exactly what force there is in this demand for a Ministry of Communications in the form in which it was put to the Government of India in the Acworth Committee's Report. What the Committee suggested was that Railways, Ports and Inland Navigation, so far as Inland Navigation concerns the Central Government, Road Transport so far as it is under the control of the Government of India, and Posts and Telegraphs—should all be comprised under a single Member.

Now the first point I have to make in regard to this is that to all intents and purposes that recommendation has been carried out. The Railways, Ports and Inland Navigation, in so far as Inland Navigation concerns the Central Government, are all under one Member of Council, namely, myself. The only point which we have not carried out in the Acworth Committee's Report is in respect of Posts and Telegraphs; and the Committee themselves say there is no very immediate connection between other communications and Posts and Telegraphs; they merely included Posts and Telegraphs in order to give that Member of Council what they thought a proper day's work. Now, why did the Acworth Committee make this recommendation? Their primary intention was to secure that the Member of Council in charge of Railways should have enough time to do his work properly. Let me read what they say. They were criticising the former system and they say:

"The natural effect of the interposition of this semi-independent Board is that the Member responsible for it is not in constant touch with its work. When questions which have to be submitted to the Council are brought to him, it is necessary for the Board to coach him. He may not agree with them and yet may hesitate to override those much more conversant with the matter than he can possibly be."

They went on to say:

"The Railway Board is in effect in the position of a step-child and like most step-children tends to be less well-treated than other members of the family. We are convinced the Indian Railway Administration will never be able to give a satisfactory account of themselves, to earn the revenue which they should earn and to render the public the service which they ought to render until they are represented on the Viceroy's Council by a Member who is fully in touch with their daily work."

I am not going to express an opinion whether or not I am fully in touch with the work of the Railway Board, but at any rate since that passage was written I can claim that the Indian Railways have in many respects given a satisfactory account of themselves. I can claim that they have earned the revenue which they should earn, or at any rate 81 crores during the last 3 years; and I can claim that they are rendering the public much better service at any rate than they used to render. As I think



I have shown, the main object of the Acworth Committee was not to set up a Department of Communications but really to get a Member of Council who would be able to devote the greater part of his time to the affairs of the Railway Administration; and what they had in mind was the improvement of the Railway Administration and the service rendered by the Railway Administration to the public. That was the very reason why, when the portfolios were redistributed by His Excellency Lord Reading, I was relieved of what at one time I had when I was a Member for Commerce and Industry and Railways; I was relieved of work connected with the Posts and Telegraphs, or rather Sir Thomas Holland was relieved of work connected with Posts and Telegraphs, of Overseas emigration, and work connected with Industries and Labour; and the Railway Member has now got merely the Commerce Department and the Railway Department. It is a very much lighter job than it used to be, and speaking from an experience of several years now I say that the amount of work which he is called upon to do as Railway and Commerce Member of the Government of India is by no means too heavy a burden for one man to carry. I think Mr. Neogy will agree with me there is no particular reason beyond the name why Posts and Telegraphs should be associated with Railways. In fact, I myself hold very strongly that it is better they should not be associated together. After all, Posts and Telegraphs are one of our most valued customers, and naturally we treat them as well as we can, but for that very reason I think they and the Railways should be under separate Members of Council. Also I say, Sir—and I do not think anybody in this House will disagree with me, that at budget time it will be quite impossible for one Member of Council, first to defend the Railway Budget and then to take on the Posts and Telegraphs Budget. The House must realise that under the present dispensation if the same Member of Council has to defend in detail a Budget of the size first of the Railway Budget and then of the Posts and Telegraphs Budget, it will be a very great strain upon him. And I say that no one Member of Council could in budget time take up first the Railway Department and then the Posts and Telegraph Department Budget.

Then again, Sir, I think there is a great deal of misapprehension as to what a Minister of Communications would do. It is very easy to say, as Mr. Ruthnaswamy just said, that what you want is one Member of Council in the Government of India who would co-ordinate Railways and Roads and so on. Mr. Ruthnaswamy must remember that roads are essentially a provincial subject; it is perfectly true that there are certain roads, strategic roads on the frontier, and others which fall under the Government of India; but the vast bulk of roads in India are roads which are under the superintendence of their own Local Governments and which must be under their superintendence. It is perfectly true that, in so far as any rate as this question of a Central Road Board is concerned, it was handed over to me to deal with in the Government of India mainly because as Commerce Member I am naturally more interested in all questions of transport than any other Member of the Government of India, and I did agree, as Mr. Ruthnaswamy truly said, that we would consider very carefully the question of opening a Road Board in India; but in my speech in that other place to which the Honourable Member referred, I made it very very clear that before we could do anything in that matter we should have to consult Local Governments very carefully because we

[Sir Charles Innes.]

did feel that we were encroaching upon their subject. Then again, I do not suppose that even Mr. Neogy will seriously pretend that there is any very real or immediate connection between Civil Aviation and Railways, or that there is any particular reason why the Member in charge of Railways should also be in charge of Civil Aviation. I would like the House to believe that in distributing the portfolios among the Members of Council the Governor General had merely got in mind the most convenient method of transacting the business of his Council. The Governor General knows more or less the amount of work which each subject gives and he has tried to distribute those subjects among the different Members in order to give them all just that amount of work which they can properly do, observing as far as possible a logical sort of connection between the various subjects allotted to a Member. I hold myself quite definitely that the present arrangement of portfolios is the right one. Nobody, I think, will deny that Commerce in every point almost touches Railways. I have to deal not only with Railways and Commerce but also with Ports; I have also to deal with Shipping and Navigation and in so far as this question of a Central Road Board is concerned that also comes to me. The only point in which the present organisation differs from the proposed Department of Communications is that I have not got to deal with Posts and Telegraphs and I have not got to deal with Civil Aviation; but I believe that the House on reflection will see that we have carried out in the spirit, if not in the letter, the idea of having Ministry of Communications and that there is no real reason why this cut should be passed, because I do not believe that anybody in this House will hold seriously that there is any very intimate connection between Posts and Telegraphs and Civil Aviation on the one hand and Railways, Roads, Ports and Shipping on the other. Sir, I oppose the motion.

**Mr. President:** The question is:

“That the Demand under the head ‘Indian Postal and Telegraph Department (including Working Expenses)’ be reduced by Rs. 100.”

The motion was negatived.

### *Telegraph Censorship.*

**Mr. K. O. Roy:** Sir, I move my motion No. 63, that the Demand under the head “Indian Postal and Telegraph Department” be reduced by one rupee. Only the other day this House had the opportunity of hearing about the telegraph censorship arising out of the Khargpur strike. On that day the Home Member as well as the Member for Industry and Labour made their position clear. When I read the speeches I felt I was not quite dissatisfied. I do not know, Sir, the effect of the speeches in the House. The telegraph censor exercises his authority under section 5 of the Indian Telegraph Act. I shall read this section for the information of the House.

**The Honourable Sir Bhupendra Nath Mitra:** On a point of order, Sir; if my Honourable friend is referring to a section of the Indian Telegraph

Act, is not this a matter involving legislation and therefore not open to discussion at this stage?

**Mr. K. O. Roy:** Might I point out, Sir, that I am not discussing legislation? I am discussing the conditions under which the telegraph censor works. The section runs as follows:

“On the occurrence of any public emergency, or in the interests of the public safety, Local Government or any other officer specially appointed in this behalf by the Governor-General in Council may—

(b) order that any message or class of messages to or from any person or class of persons or relating to any particular subject, brought for transmission by, or transmitted or received by, any telegraph, shall not be transmitted, or shall be intercepted or detained, or shall be disclosed to the Government or an officer thereof mentioned in the order.

(2) If any doubt arises as to the existence of a public emergency, or whether any act done under sub-section (1) was in the interest of the public safety, a certificate signed by a Secretary to the Government of India or to the Local Government shall be conclusive proof on the point.”

The House will note that this section contemplates “any public emergency or in the interests of the public safety”. But, Sir, Honourable Members will remember that during the last few months there has been no emergency and no occasion has arisen for the declaration of an emergency or for the detention of telegrams in the interests of public safety. But, Sir, what has happened? A number of telegrams have been detained, and from my own experience I may tell the House that a number of telegrams sent to us by various newspaper correspondents have been either suppressed or detained.

Then, Sir, I come to the statutory rule under this section. The wording of the statutory rule runs as follows:

“Telegraph offices are required to refuse to accept any telegrams which may be of a decidedly objectionable or alarming character.”

I claim, Sir, here that the telegraph authority receives a sort of permanent right to refuse or detain telegrams, and I claim, Sir, that these statutory rules are not in consonance with the section in the Indian Telegraph Act. I would, therefore, like to suggest to my Honourable friend, Sir Bhupendra Nath Mitra, who rose to a point of order to shut me up, to examine the legal position and take the advice of the Law Officers of the Crown.

I now come to the administration of the censorship. Every telegraphist is a potential censor, whether he is in a village telegraph office or at a head office, whether in any province or on the frontier, and in my opinion his word is by often the last word on the subject. I will give the House an experience of my own which took place only a few weeks ago. I had a very important communication from one of the departments of the Government of India, which I had transmitted to Calcutta and Madras. The Central Telegraph Office here was good enough to transmit it, but it was challenged by the Telegraph Master at Madras. The message came back to Delhi, and it was communicated to a local authority, and he held that the Telegraph Master at Madras was right. The communication was sent to me by no less a person than the head of a department of the Government of India. The telegram was sent on Friday night; Saturday passed, and Sunday passed, and I was informed about it on Monday afternoon. I at once

[Mr. K. C. Roy.]

brought this matter to the notice of the Government of India, and I am glad to say that the Home Department lost no time in setting the matter right. I should therefore like to ask my Honourable friend Sir Bhupendra Nath Mitra to review the present position and issue sensible circulars. We newspaper men feel it as a public grievance that the statutory rules of the telegraph guide have been very badly misused. Sir, I move my motion.

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, I desire to support my friend Mr. K. C. Roy. I can give any number of instances in which the stoppage of messages by telegraph offices has resulted in the abstraction of very valuable news to newspapers, but I do not propose to waste the time of the House at this time of the day. I will only give one instance when Mrs. Besant was interned at Ootacamund. She generally used to get her Marmite from the Army and Navy Stores in Bombay, and she sent up a telegram to the Stores to send her two jars of Marmite. (*Honourable Members*: "What is Marmite"? ) It is a kind of marmalade, let us say. Or rather I am told it is a kind of substitute for butter. Anyhow it is eaten with bread. Then some telegraphic genius thought it was some kind of dynamite. And forthwith the telegram was suppressed and Mrs. Besant went without Marmite and had only plain bread for about a fortnight. Sir, this kind of thing ought not to go on, and I think it is the duty of the Telegraph Department to see that this section is not abused. I know of many cases in which there have been serious abuses. I purposely refrain from citing them to-day because I do not want to prolong the discussion but, Sir, it is an open scandal that newspapers are at the mercy of the telegraphist in respect of news which is most valuable to the public.

**Mr. K. C. Neogy**: Sir, I had occasion to draw the attention of this House to the fact that a certain telegram addressed to some Honourable Members of this House had been censored and intercepted by the Telegraph Master at Khargpur during the recent strike there. On that occasion my Honourable friend Sir Bhupendra Nath Mitra read out certain rules to this House to show that the telegraph authorities in the provinces were required to submit their telegrams, in cases where there was any question as to their character, to certain Executive authorities. Sir, I first of all want to know whether the rules that we find in this Post and Telegraph Manual are framed by virtue of any statutory authority which the Government of India have got. That is the first point I want information on. The second is, how is it that the published Manual which is available to the public does not contain the full instructions which were read out by my Honourable friend Sir Bhupendra Nath Mitra? All that the published edition of the Manual says is that telegraph offices are required to refuse to accept any telegram which may be of a decidedly objectionable or alarming character. That is all that we get from the published edition of the Manual, but my Honourable friend went on reading—I do not know from where—something more which went to show that there are detailed instructions given to the Telegraph Masters in the mufassil for referring a certain class of telegrams to the district authorities. Sir, the only Act with regard to telegraphs is Act XIII of 1895 to which reference has already been made by my Honourable friend, Mr. K. C. Roy. Section 5 has already been read out to this House which gives power specifically to the Governor-General or to the Local Government to take certain extraordinary measures

in connection with telegrams on the occurrence of any public emergency or in the interests of the public safety. The character of the emergency that is contemplated in that section is clear if we refer to sub-section (2) of that very section where it is laid down that, if any doubt arises as to the existence of a public emergency or where any act contained under sub-section (1) was in the interests of the public safety, a certificate signed by the Secretary to the Government of India or to the Local Government shall be conclusive proof of this point. This, I submit, contemplates a far graver emergency than a casual strike of railway hands at Khargpur. Then, Sir, section 7 of the Telegraph Act empowers the Governor General in Council to make rules consistent with this Act for the conduct of all or any telegraphs, established, maintained or worked by the Government. I do not know whether it is the contention of my Honourable friend, Sir Bhupendra Nath Mitra, that the rules that we find in the Postal Manual are framed by virtue of the rule-making power given to the Governor General in Council under section 7 of the Telegraph Act. But, Sir, if he holds that position, then may I point out to him that the rules must not be inconsistent with the provisions of the Telegraph Act? As I have already stated, the provisions of section 5 contemplate a grave emergency, an emergency which might justify Government, in times of war, for instance, or any civil commotion in the country, in assuming censorship of telegrams. That justification cannot certainly be pleaded on the occasion of any casual strike as happened the other day at Khargpur. Sir, if my Honourable friend's contention is that the rules, as we find them in the Postal Manual, are not framed by virtue of the rule-making authority under section 7 of the Telegraph Act, then I should like to know whether it is permissible for Government to extend the provisions of a Statute by making rules and publishing them in a departmental manual. It is a very serious question and I should like Government to give a considered reply.

**Mr. Arthur Moore** (Bengal: European): Sir, I should like to support as strongly as possible the motion of my Honourable friend to call attention to this matter. I do not think, Sir, that anybody who has any responsibility in connection with newspapers would object to a censorship in regard to certain matters, but we do say that if there is to be a censorship, let us have a co-ordinated system and a proper authority. Can anything be more ludicrous than that a communication sent out by one of the most serious-minded Departments of this Government, the Foreign and Political Department, should be held up by a telegraphist in Madras as unfit for publication (*Lieut.-Colonel H. A. J. Gidney*: "No".) and that the communication should be freely published in some parts of the country but that some telegraphist, because he thought it was not fit for publication and that the Foreign Secretary had made a mistake, should refuse the people of Madras that information? We had another instance the other day in connection with the despatch of troops for China. That information was known to a considerable number of journalists in this country and they naturally communicated it to their papers. In some instances the telegraphists queried that communication and raised the point, and telegrams were held up for several days and the reason given was not that there was any important military interest whatever at stake but the perfectly trivial reason that the Government had said that they did not wish the statement of His Excellency the Viceroy in this House at the opening of the Assembly to be anticipated. But it was anticipated in Bombay, it was anticipated in

[Mr. Arthur Moore.]

Lahore and it was anticipated in several other places; yet in certain towns it was not allowed to be anticipated. Sir, this is an obviously absurd system and I think my friend has done an excellent service in calling the attention of the House to it, and I hope that the Government will give it their serious attention.

**The Honourable Sir Bhupendra Nath Mitra:** I am sorry that this is the first occasion on which this particular instance, which seems to have caused a certain amount of inconvenience to my Honourable friends in this House who represent the Press, has been brought to my notice. That being the position, it is not possible for me to explain to the House the precise circumstances which led to that particular action on the part of the telegraphist. The rules under which telegrams are withheld are made by the Governor General in Council under section 7 of the Telegraph Act, XIII of 1885. They have been published in the Gazette of India. These are not reproduced in complete form in the Guide to which reference was made by my Honourable friend Mr. Neogy, for that Guide contains information which is of use to the public. It does not certainly include the whole of the information which is for the use of the officers of the Department.

**Mr. K. C. Neogy:** That is confidential.

**The Honourable Sir Bhupendra Nath Mitra:** As I told the Honourable Member the other day the rules are published in the Gazette of India and therefore every member of the public has an opportunity of studying them and knowing what is there in them. They are not reproduced in full in the Telegraph Guide for the simple reason that if every statutory notification were to appear there we should have a very bulky book. The cost of printing would certainly go up and the information would not be of any great value to the public at large. In fact the rules were published for the last time in the Department of Industries and Labour notification No. 40, dated the 21st December 1926. That was quite recently and I am rather surprised to find that it escaped the attention of my Honourable friend from Bengal. At the same time, my Honourable friend Mr. Roy has brought to notice certain facts connected with the administration of the rules by the subordinates of the Telegraph Department and I shall certainly have the matter properly looked into.

**Mr. A. Rangaswami Iyengar:** Will the Honourable Member examine the rules and see if they are in conformity with the law?

**The Honourable Sir Bhupendra Nath Mitra:** All I can say is that these rules were carefully examined by our Legislative Department, who are our legal pundits, before they were issued; and I am very doubtful if that Department made a slip in passing these rules and did not examine that they were in consonance with section 7 of the Telegraph Act. However, if it will satisfy my Honourable friend if I were to have the matter further looked into by these experts, I shall most certainly do so.

**Mr. President:** The question is:

"That the Demand under the head 'Indian Postal and Telegraph Department' be reduced by 'Re. 1.'"

"The Assembly divided:

AYES—44.

Abdul Latif Saheb Farookhi, Mr.  
Abdul Matin Chaudhury, Maulvi.  
Abdullah Haji Kasim, Khan Bahadur  
Haji.  
Aney, Mr. M. S.  
Bhargava, Pandit Thakur Das.  
Chetty, Mr. R. K. Shanmukham.  
Cocke, Mr. H. G.  
Das, Mr. B.  
Dutt, Mr. Amar Nath.  
Gavin-Jones, Mr. T.  
Ghazanfar Ali Khan, Raja.  
Gidney, Lieut.-Colonel H. A. J.  
Goswami, Mr. T. C.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Hussain Shah, Sayyed.  
Iyengar, Mr. A. Rangaswami.  
Jayakar, Mr. M. R.  
Jinnah, Mr. M. A.  
Joshi, Mr. N. M.  
Khin Maung, U.  
Kunzru, Pandit Hirday Nath.  
Lahiri Chaudhury, Mr. Dharendra  
Kanta.

Lajpat Rai, Lala.  
Mehta, Mr. Jannadas M.  
Mohammad Ismail Khan, Haji  
Chaudhury.  
Moonje, Dr. B. S.  
Moore, Mr. Arthur.  
Mukhtar Singh, Mr.  
Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rahimtulla, Mr. Fazal Ibrahim.  
Rajan Bakhsh Shah, Khan Bahadur  
Makhdum Syed.  
Rao, Mr. G. Sarvotham.  
Roy, Mr. K. C.  
Roy, Rai Bahadur Tarit Bhusan.  
Ruthnaswamy, Mr. M.  
Sassoon, Sir Victor.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Ram Narayan.  
Tok Kyi, U.  
Vishindas, Mr. Harchandrai.

NOES—39.

Abdul Aziz, Khan Bahadur Mian  
Abdul Qayyum, Nawab Sir Sahibzada.  
Akram Hussain Bahadur, Prince  
A. M. M.  
Allison, Mr. F. W.  
Anwar-ul-Azim, Mr.  
Ashrafuddin Ahmad, Khan Bahadur  
Nawabzada Sayid.  
Ayangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha  
Gopalaswami.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Coatman, Mr. J.  
Dalal, Sir Bomanji.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Hezlett, Mr. J.  
Howell, Mr. E. B.

Innes, The Honourable Sir Charles.  
Jowahir Singh, Sardar Bahadur  
Sardar.  
Kabul Singh Bahadur, Risaldar-Major  
and Honorary Captain.  
Keane, Mr. M.  
Lamb, Mr. W. S.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra  
Nath.  
Muddiman, The Honourable Sir  
Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Rau, Mr. H. Shankar.  
Roy, Sir Ganen.  
Singh, Rai Bahadur S. N.  
Sykes, Mr. E. F.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Young, Mr. G. M.

The motion was adopted.

*Press Telephone Rates.*

**Mr. K. O. Roy:** Sir, I move that the Demand under the head "Indian Postal and Telegraph Department" be reduced by Re. 1.

Sir, the House will, I hope, give me the indulgence of mentioning another Press grievance. When the Bombay-Delhi telephone system was introduced, the Honourable Sir Ganen Roy, the Director General of Posts and Telegraphs, had a conference with the representatives of the

[Mr. K. C. Roy.]

Press, and there we discussed the question of special Press rates for telephones; but when the actual tariff came out, there was no Press rate in it, and we are at the present moment paying for a three minutes' talk with Bombay Rs. 5. The poor press man, Sir, can hardly afford it. Poorer still are the newspaper owners, and they also cannot afford it. I mention this matter only with a view to obtaining an assurance from the Director General of Posts and Telegraphs that he will review the present position and reconsider the matter.

**Sir Ganen Roy** (Director General, Posts and Telegraphs): Sir, (Cheers) as regards the Press concession rates the matter is under consideration. We are first developing the trunk system between Delhi and Bombay and Delhi and Calcutta. Instead of Rs. 7-8, Sir, we are charging them about Rs. 5 for a call between Calcutta and Delhi and Delhi and Bombay; and the revision of these rates will be considered later on when we know exactly how many calls we are likely to get.

**Mr. President:** The question is:

"That the Demand under the head 'Indian Postal and Telegraph Department' be reduced by Re. 1."

The motion was negatived.

#### *Cable and Inland Press Rates.*

**Mr. K. C. Roy:** Sir, I move that the Demand under the head "Indian Postal and Telegraph Department" be reduced by Re. 1.

This matter also refers to a Press grievance. The Empire Press Conference has made repeated representations to His Majesty's Government on the reduction of cable rates. We in India are equally anxious that there should be a reduction of cable rates between India and the United Kingdom; but we are more interested in the reduction of our inland Press rates. We consider the present rate excessive and it compares very unfavourably with the rates introduced by Lord Curzon. Speaking from foreign experience, I can tell the House that the South African Parliament has a special rate for the transmission of proceedings of the South African Parliament. I want Sir Ganen Roy to consider the matter and give us concessions for transmission of the proceedings of this House. I hope he will consider the matter and give us a reply.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Sir, I rise to give my whole-hearted support to my old teacher and I do not follow in the footsteps of those Madras Members who do not follow in the foot-steps of their own teacher, Dr. Macphail. But, Sir, at the same time in giving my whole-hearted support to this cut, I beg also to give, if I have the right to do so as an old pupil, some advice that the Press should not be so partial to the Government as it has been previously. With these few words, I beg to support the motion.

**The Honourable Sir Bhupendra Nath Mitra:** Sir, I much regret I am unable to give any assurance to my friend, the Honourable Mr. K. C. Roy, in regard to this matter. As it is, we give a considerable amount of concession to the Press and this results in a certain amount of sacrifice of revenue. Consistently with what I told this House earlier to-day, it is impossible for me to make any reductions in these Press rates with the



object of giving further concessions to the Press. Any such action will increase the deficit in the account of the Indian Postal and Telegraph Department, and it will reduce the sums available to me for the various purposes which I mentioned earlier in this debate. I leave it to the Members of this House to decide which is more desirable, the objects that I have already placed before them or greater concessions to the Press in any direction.

**Mr. President:** The question is:

“That the Demand under the ‘Indian Postal and Telegraph Department’ be reduced by Re. 1.”

The motion was negatived.

### *Posting of Telegrams.*

**Mr. K. C. Roy:** Sir, I propose the reduction of another rupee under the head “Indian Postal and Telegraph Department”.

This is about the posting of telegrams. The House has already heard of the existence of the Indian Telegraph Act and the Indian Telegraph Guide, but they have not heard of another publication of the Postal Department called the Manual. I think this is a pure departmental publication, and in that Manual there is a section to the effect that when there is congestion of traffic the Telegraph Master is authorised to post telegrams. Perhaps this rule was drawn up in the early days of the East India Company. It has been allowed to remain on where it was. But of course this obnoxious clause is very much in force. During Christmas week there was a complete breakdown of telegraph service from Calcutta to North India and I think posting was freely resorted to. I certainly object on the principle of public morality to the posting of telegrams for which the sender has paid full telegraph rates, and I claim, Sir, that under normal conditions when the Telegraph Department is not in a position to transmit telegrams by telegraph wires, they ought to return them to the senders or refund their money. I commend this motion to the House.

**Sir Ganen Roy:** The posting of telegrams has to be done during the interruption of the lines or during the time when the lines are congested and telegrams cannot be disposed of. In this particular case there was a heavy congestion at Gauhati during the Congress festivities, and there were many correspondents sending the same message about ten times over and we had not sufficient facilities; in fact we did not know that there would be such severe congestion. (*An Honourable Member:* “Why did you not know?”) Because we could not get information from anybody. (*An Honourable Member:* “This was the 41st Congress!”) We tried our very best to cope with the traffic and as far as that was concerned, I think it was very well disposed of. This I consider is a censure on the Department, which, considering the work the Department did for the Press, I think is undeserved.

**Mr. President:** The question is:

“That the Demand under the head ‘Indian Postal and Telegraph Department’ be reduced by Re. 1.”

The Assembly divided.

AYES—47.

Abdul Latif Saheb Farookhi, Mr.  
Abdul Matin Chaudhury, ~~Maulvi~~.  
Abdullah Haji Kasim, Khan Bahadur  
Haji.

Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Bhargava, Pandit Thakur Das.  
Chaman Lal, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Das, Mr. B.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Gavin-Jones, Mr. T.  
Ghuznavi, Mr. A. H.  
Goswami, Mr. T. C.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai Nemchand.  
Hussain Shah, Sayyed.  
Jayakar, Mr. M. R.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Khin Maung, U.  
Kunzru, Pandit Hirday Nath.  
Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.

Misra, Mr. Dwarka Prasad.  
Mohammad Ismail Khan, Haji  
Chaudhury.  
Moonje, Dr. B. S.  
Muhammad Nawaz Khan, Lieut.-  
Sardar.  
Mukhtar Singh, Mr.  
Murtuza Saheb Bahadur, ~~Maulvi~~  
Sayyid.  
Naidu, Mr. B. P.  
Neogy, Mr. K. C.  
Prakasam, Mr. T.  
Rahimtulla, Mr. Fazal Ibrahim.  
Rajan Bakhsh Shah, Khan Bahadur  
Makhdm Syed.  
Ranga Iyer, Mr. C. S.  
Roy, Mr. K. O.  
Roy, Rai Bahadur Tarit Bhusan.  
Ruthnaswamy, Mr. M.  
Sarda, Rai Sahib Harbilas.  
Sassoon, Sir Victor.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.  
Suhrawardy, Dr. A.  
Tok Kyi, U.  
Vishindas, Mr. Harchandrai.

NOES—43.

Abdul Aziz, Khan Bahadur Mian.  
Abdul Qaiyum, Nawab Sir Sahibzada.  
Akram Hussain Bahadur, Prince  
A. M. M.  
Allison, Mr. F. W.  
Ashrafuddin Ahmad, Khan Bahadur  
Nawabzada Sayid.  
Ayyangar, Mr. V. K. A. Aravamudha.  
Ayyangar, Rao Bahadur Narasimha  
Gopalaswami.  
Bhore, Mr. J. W.  
Blackett, The Honourable Sir Basil.  
Coatman, Mr. J.  
Cocke, Mr. H. G.  
Crawford, Colonel J. D.  
Dalal, Sir Bomanji.  
Donovan, Mr. J. T.  
Dunnett, Mr. J. M.  
E'jaz Rasul Khan, Raja Muhammad.  
Ghazanfar Ali Khan, Raja.  
Graham, Mr. L.  
Greenfield, Mr. H. C.  
Haigh, Mr. P. B.  
Hezlett, Mr. J.  
Howell, Mr. E. B.

Innes, The Honourable Sir Charles.  
Jawahir Singh, Sardar Bahadur  
Sardar.  
Kabul Singh Bahadur, Risaldar-Major  
and Honorary Captain.  
Keane, Mr. M.  
Lamb, Mr. W. S.  
Lindsay, Sir Darcy.  
Macphail, The Rev. Dr. E. M.  
Mitra, The Honourable Sir Bhupendra  
Nath.  
Moore, Mr. Arthur.  
Muddiman, The Honourable Sir  
Alexander.  
Nasir-ud-din Ahmad, Khan Bahadur.  
Paddison, Sir George.  
Parsons, Mr. A. A. L.  
Rajah, Rao Bahadur M. C.  
Rau, Mr. H. Shankar.  
Roy, Sir Ganen.  
Singh, Rai Bahadur S. N.  
Sykes, Mr. E. F.  
Tonkinson, Mr. H.  
Willson, Sir Walter.  
Young, Mr. G. M.

The motion was adopted.

*Indo-Ceylon Cables.*

**Mr. K. O. Roy:** Sir I propose a cut of another rupee. (Hear, hear).

I wish to bring to the notice of this House that the Government of India have two short cables between India and Ceylon. These ~~two~~ cables

are very old and hardly fit for use. In consequence there are considerable mutilations and interruptions. When we approach the Ceylon Government, they say go to the Government of India, and when we go to the Government of India, they say go to the Ceylon Government. We have, therefore, Sir, very wisely decided to bring the matter to the notice of this House. I therefore suggest that the Director General will be in a position to give us an assurance that he will look into the Indo-Ceylon cables at a very early date. Before I resume my seat, Sir,

5 P.M. I wish to acknowledge publicly the consideration and assistance which we have always received from Sir Ganen Roy in the discharge of his high office. I think it is a duty that I owe to myself as well as to the other Members of this House. He will also find that the journalistic fraternity will miss him when he leaves India for England.

**Mr. B. Das:** May I enquire, Sir, whether the Honourable Member is speaking as a journalist or as Member of this House?

**Mr. K. O. Roy:** Both.

**The Honourable Sir Bhupendra Nath Mitra:** Sir, my Honourable friend Mr. K. C. Roy is not fully informed about the position in regard to the Indo-Ceylon cable. There are undoubtedly two cables, but one of these has got damaged with the result that for sometime we have been working with the help of only one cable. Steps have been taken to obtain 12 miles of new cable and it is expected that when the second or damaged cable has been brought up to a good condition, it will enable us to avoid the interruptions that may have occurred in the past.

**Honourable Members:** Withdraw!

**Mr. K. O. Roy:** Sir, I am prepared to withdraw.

**Mr. President:** The question is:

"That the Demand under the head 'Indian Postal and Telegraph Department' be reduced by Rs. 1."

The motion was negatived.

**Mr. President:** As the rest of the amendments on the paper are disposed of, the question I have to put is:

"That a reduced sum not exceeding Rs. 10,34,05,998 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Indian Postal and Telegraph Department'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Saturday, the 12th March, 1927.



# LEGISLATIVE ASSEMBLY

Saturday, 12th March, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### TIME SCALE OF PAY FOR TEACHERS OF ANGLO-VERNACULAR SCHOOLS IN AJMER-MERWARA.

878. **\*Rai Sahib M. Harbilas Sarda:** (a) Are Government aware that there is no time scale of pay for the teachers of Anglo-Vernacular schools in Ajmer-Merwara?

(b) Are Government further aware that some appointments in the Anglo-Vernacular schools, Ajmer-Merwara, carry graded salaries, the incumbents of which attain their maximum in five years, while others carry fixed salaries?

(c) Will Government be pleased to state whether the Medical, Police, Engineering, Forest and Civil Departments in Ajmer-Merwara enjoy the benefits of a time scale of pay?

(d) Are the Government aware that a time scale of pay was sanctioned for the Ajmer Government College staff with effect from April 1926?

(e) Are Government prepared to consider the question of introducing a time scale of pay also for the teachers of Government Anglo-Vernacular schools in Ajmer-Merwara?

**Mr. J. W. Bhore:** With your permission, Sir, I should like to answer questions Nos. 878 and 880 together.

Government are not in possession of information which would enable them to reply to these questions, but they have called for it and on receipt, it will be supplied to the Honourable Member.

### INACCURACIES IN THE ELECTORAL ROLL OF THE AJMER-MERWARA CONSTITUENCY OF THE LEGISLATIVE ASSEMBLY.

879. **\*Rai Sahib M. Harbilas Sarda:** (a) Are Government aware that the electoral roll of the Ajmer-Merwara constituency for the last Legislative Assembly elections was deplorably inaccurate, there being innumerable repetitions of names of persons long dead being included among electors and names of hundreds of persons qualified as electors being omitted?

(b) Is it true that the roll was prepared by a non-Government agency? If so, do Government propose now to employ responsible Government servants to prepare the next roll so that it may be accurate?

**Mr. L. Graham:** (a) The Government of India have no information to this effect.

(b) Sub-Regulation (1) of Regulation 1 of the Legislative Assembly (Ajmer-Merwara) Electoral Regulations requires the electoral roll to be prepared by such officer as the Local Government may appoint for the purpose. The Government of India do not know what officer was appointed in pursuance of this provision, but they will ask the Chief Commissioner to report with reference to the Honourable Member's question as a whole.

**Mr. Harchandrai Vishindas:** Is it a fact that the Local Governments of some other provinces also have had such defective electoral rolls and they complained that it was because of want of funds from the Central Government that they were not able to get them corrected?

**Mr. L. Graham:** Government have received no complaint to that effect.

**Mr. Gaya Prasad Singh:** Are Government aware that the electoral rolls of the Assembly constituencies in Bihar and Orissa also are full of mistakes like those pointed out in this question?

**Mr. Harchandrai Vishindas:** Everywhere.

**Mr. L. Graham:** I think Government are expected to have too much knowledge on this point, Sir.

**Mr. K. Ahmed:** Do Government propose to send a similar reminder to the province of Bengal in respect of the deplorable inaccuracies in the electoral rolls of the Legislative Assembly constituencies and the omission of the names of electors therein?

**Mr. L. Graham:** I have no notice of these omissions.

**Mr. Harchandrai Vishindas:** Do Government propose to take action that in future no such inaccuracies do take place by reminding Local Governments? I am referring to the electoral rolls of the Assembly, not of the Councils.

**Mr. L. Graham:** Government would like everything to be perfect, Sir.

**Mr. Harchandrai Vishindas:** But they will not do anything. (Laughter).

#### NUMBER AND GRADES OF SCHOOLS FOR EUROPEANS IN AJMER-MERWARA AND RAJPUTANA.

1880. **\*Rai Sahib M. Harbilas Sarda:** (a) Will Government kindly lay on the table a statement showing the number and grades of schools for Europeans in:

(i) Ajmer-Merwara, and

(ii) in Rajputana in places situated on the Bombay, Baroda and Central India Railway line?

(b) Will Government be pleased to say who inspected these schools during the period when the European Principal of the Government College, Ajmer, who is also Inspector of European Schools, was absent on long leave last year?

(c) Why could not the work be entrusted to the officiating Principal who happened to be an Indian?

**PAUCITY OF WAITING SHEDS AT RURAL STATIONS ON THE M. G. SECTION OF THE EAST INDIAN RAILWAY.**

881. **\*Mr. Siddheswar Sinha:** With reference to unstarred questions Nos. 75 and 76 replied to on 7th February, 1927:

- (i) Will Government be pleased to state the number and name of stations on the M. G. section of the East Indian Railway where waiting sheds have been constructed during the last 3 years?
- (ii) Are the Government aware that there are comparatively fewer waiting sheds at rural stations of this section of the East Indian Railway than on other sections of the same Railway?

**Mr. A. A. L. Parsons:** (i) Government have no information beyond that contained in the Administration Reports.

(ii) No.

**ENTRAINING OF PASSENGERS AT THE TEMPORARY STATIONS ON THE POONPON RIVER, EAST INDIAN RAILWAY.**

882. **\*Mr. Siddheswar Sinha:** (a) Is it a fact that during the Pitripaksh Mela passengers are allowed to get down at the temporary stations on the Poonpon River between Sone East Bank and Palmerganj on the M. G. section and between Patna and Poonpon on the P. G. section, but are not allowed to get into the train at those temporary stations and have therefore to walk a long distance in order to get into the train?

(b) Do Government propose to instruct the authorities of the East Indian Railway to make necessary arrangements so that passengers can get into the train at those temporary stations?

**Mr. A. A. L. Parsons:** (a) and (b). Government have no information on the subject. The matter is one within the competence of the Agent of the Railway to whom a copy of the question and the answer has been sent.

**GAYA SHERGHATTY RAILWAY.**

883. **\*Mr. Siddheswar Sinha:** Will Government be pleased to state at what stage the project of constructing the Gaya Sherghatty Railway is? \*

**Mr. A. A. L. Parsons:** The Traffic and Engineering Reports have been received and the project is under consideration.

**MINIMUM AND MAXIMUM PAY OF RURAL POSTAL PEONS IN THE DIFFERENT PROVINCES.**

884. **\*Mr. Siddheswar Sinha:** Will Government be pleased to state the minimum and maximum pay of postal peons of rural areas in the different Provinces?

**Sir Ganen Roy:** The minimum and maximum pay of village postmen and postmen serving rural areas in the different Postal Circles are as follows:

	Minimum.	Maximum.
	Rs.	Rs.
Bombay . . }	18	24
Burma . . }		
Bengal and Assam . . }		
Bihar and Orissa . . }		
Central Circle . . }	16	22
Madras . . }		
Panjab and N. W. F. . }		
United Provinces . . }		
Sind and Baluchistan . }	20	32 (Sind)
	24	40 (Baluchistan).

#### ACTION TAKEN ON THE RESOLUTION RELATING TO THE BACKWARD TRACTS IN BIHAR AND ORISSA.

885. **\*Mr. Siddheswar Sinha:** Will Government be pleased to state what action they have taken or intend to take on the Resolution of this Assembly passed on 10th February 1927 regarding the backward tracts in the province of Bihar and Orissa?

**The Honourable Sir Alexander Muddiman:** A copy of the Resolution, together with the debates, was forwarded to the Secretary of State on the 3rd March 1927. For the reasons which I gave at the conclusion of the debate on the 10th February, the Government of India intend to leave the extent of the restriction to be agitated with the Local Government.

**Mr. Ram Narayan Singh:** Are Government aware that the local Council has passed a Resolution requesting the Government to authorise the people to elect their own non-official chairmen?

**The Honourable Sir Alexander Muddiman:** Yes, Sir, I believe that is correct.

**Mr. Ram Narayan Singh:** Are the Government prepared to ask the Local Government to accept at least this?

**The Honourable Sir Alexander Muddiman:** The Government of India in a matter of that kind could not interfere with the discretion of the Local Government, but at least my Honourable friend's question will be reported and will receive the careful consideration that such reports do from Local Governments.

**Mr. Ram Narayan Singh:** Are the Government aware that along with certain other complaints the people's immediate one is that local bodies are not allowed to elect their own non-official chairmen as in other districts of Bihar?

**The Honourable Sir Alexander Muddiman:** I am quite aware of it, and I have given in the answer a method of raising it, namely, to approach the Local Government.



**SELECTION OF INDIAN DELEGATES TO THE INTERNATIONAL ECONOMIC CONFERENCE.**

886. **\*Mr. Sarabhai Nemchand Haji:** 1. Will Government be pleased to state the terms of the treaty, agreement or other document under which the meetings of the International Economic Conference are held in Geneva?

2. What are the criteria to be observed in the selection of a delegation to the International Economic Conference?

3. In making their selection of the Indian delegation for the next session of the International Economic Conference, do the Government of India propose to send the full quota of delegates allowed to them? If not, why not?

4. Will such a delegation be selected from Indians only? If not, why not?

5. Do Government propose to consult the Legislative Assembly in the selection of the delegates to the International Economic Conference?

**The Honourable Sir Charles Innes:** 1. The International Economic Conference to be held at Geneva in May next is being convened in pursuance of a Resolution of the Assembly of the League of Nations, passed at its sixth ordinary session in September 1925. The Resolution is reproduced in paragraph 23 of the Final Report of the Delegates of India to that session, which was published in Part I of the Gazette of India of 16th January 1926.

2. The members of the Conference are to be appointed by their Governments on the strength of their qualifications and personal capacity. They will not in any way bind their Governments and will not be qualified to act as spokesmen of any official policy.

3. No. The full quota is five, and it is proposed to send three. In view of the agenda of the Conference, it is considered that three will be sufficient.

4. No. Two of the three delegates will be Indians.

5. No, Sir.

**Mr. Sarabhai Nemchand Haji:** May I inquire the reason why the full quota of five is not to be accepted for the next session and the reason why all of them are not to be Indians?

**The Honourable Sir Charles Innes:** The first supplementary question of the Honourable Member has already been answered in my main answer, namely, that in view of the agenda of the Conference, it is considered that three will be sufficient. As regards the second question, it is considered that two out of three delegates will give sufficient Indian representation and one delegate will represent the European interests in this country.

**Mr. Duraiswamy Aiyangar:** May I know whether those Indians will be officials or non-officials?

**The Honourable Sir Charles Innes:** All non-official.

**Mr. Sarabhai Nemchand Haji:** Are we to understand that this country can be represented at the Economic Conferences by Europeans and Indians in the proportion of one to two?

**The Honourable Sir Charles Innes:** No, Sir.

NUMBER OF STEAMERS CHARTERED FOR THE DESPATCH OF TROOPS TO CHINA.

887. **\*Mr. Sarabhai Nemchand Haji:** Will Government be pleased to state the number of steamers chartered by Government for the purpose of sending troops to China? Will Government further name the shipping companies whose boats have been chartered and the rates paid to them?

**Mr. G. M. Young:** It would not be in the public interest to give the full particulars on the floor of this House. But I may say that the vessels chartered were the first suitable ships available, and that normal rates were paid.

**Mr. Vidya Sagar Pandya:** Have any ships run by Indian companies been chartered?

**Mr. G. M. Young:** As I said, it would not be in the public interest to give particulars on the floor of this House.

**Mr. Sarabhai Nemchand Haji:** Will the Honourable Member give us that information after the Chinese trouble is over?

**Mr. G. M. Young:** I can see no objection to that, and if the Honourable Member will put down a question, I will consider it.

**Mr. A. Rangaswami Iyengar:** Is it not in the public interest to know what steamer is chartered from Bombay?

**Mr. G. M. Young:** I said, Sir, that it would not be in the public interest to give particulars on the floor of this House.

**Mr. K. Ahmed:** Will the Government of India be pleased to consider whether they can charter any boat for the purpose of carrying troops to China if it is managed and run by an Indian company like the Scindia Steam Navigation Company or any other Indian Company, fully equipped and manœuvred by experts on the steamer . . . .

**Mr. G. M. Young:** I am afraid I have not followed that question.

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STATEMENT LAID ON THE TABLE.

**The Honourable Sir Charles Innes** (Member for Commerce and Railways): Sir, I lay on the table the Agreement† between the United Kingdom and Greece respecting the measurement of Tonnage of Merchant Ships, and Notes exchanged, which affect India.

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WITHDRAWAL OF INSTRUCTIONS TO SELECT COMMITTEES TO REPORT ON CERTAIN BILLS WITHIN GIVEN DATES.

**The Honourable Sir Basil Blackett** (Finance Member): Sir, I move that the instructions given to the Select Committee on the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose, to present its report not later than the 15th February, 1927, be withdrawn:

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): On a point of order, Sir. May I know if the withdrawal of these instructions will leave the Select Committee to report on this matter one year hence?

**The Honourable Sir Basil Blackett**: I think it has to report within three months, not before three months.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): I am afraid, Sir, I do not exactly understand the reply of the Finance Member. When the Assembly appointed the Select Committee, it fixed a date by which the Report was to be submitted, and if that date is now to be cancelled or withdrawn, do I understand that under Standing Orders it may report within three months? Is that the position? I want to know the exact position, because I happen to be a member of the Select Committee.

**Mr. L. Graham** (Secretary, Legislative Department): Sir, the position is that a Select Committee appointed by this House cannot report on a Bill before the expiry of three months after the publication of the Bill unless it is specially instructed to do so by a motion in the House. There was a motion in the House, and we have not complied with that motion. We have merely asked for the formal cancellation of that motion lest we should appear to be acting in contempt of a motion of the House. The ordinary Standing Order will now apply, and the Report cannot be presented until the expiry of three months after publication of the Bill.

**Sir Purshotamdas Thakurdas**: Do I then take it that the Report may be submitted at any time after the expiry of three months, say after six months?

**Mr. L. Graham**: Yes.

**Mr. A. Rangaswami Iyengar**: There is no outside limit then?

**Mr. L. Graham**: No.

The motion was adopted.

**The Honourable Sir Basil Blackett**: Sir, I move that the instructions given to the Select Committee on the Bill to amend the Indian Securities Act, 1920, for certain purposes, to present its Report not later than the 1st March, 1927, be withdrawn.

The motion was adopted.

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#### PETITIONS RELATING TO THE CURRENCY BILL.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, under Standing Order No. 78, I beg to present 296 petitions with 3,720 signatures in connection with the Bill entitled "a Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange," Bill No. I of 1927.

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#### THE CURRENCY BILL.

**Mr. President**: The House will now resume further consideration of the Bill further to amend the Indian Coinage Act, 1906, and the Indian

[Mr. President.]

Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, clause by clause.

Before we proceed further I should like to explain to the House the procedure I propose to follow. When the question of the ratio was disposed of by the amendment of Mr. Jamnadas Mehta, it was my intention to revert to clause 2 of the Bill and leave clause 4 as it was and come back to it after clauses 2 and 3 were disposed of. The difficulty I found on further consideration was that, if I were to take up clauses 2 and 3, I would have to ask Honourable Members to alter their amendments in order to fit in with the decision of the Assembly. That decision is that the Assembly has rejected 1s. 4d., but the Assembly has not yet decided to accept 1s. 6d. Unless clause 4 is passed by the House, it cannot be said to have accepted 1s. 6d. So the Assembly is not yet out of the woods. The rejection of 1s. 4d. does not mean the acceptance of 1s. 6d. by the House, and, therefore, it is not possible for me to ask the Honourable Members to introduce alterations in the amendments of which they have given notices in clauses 2 and 3. In the circumstances it is necessary that the House should proceed with clause 4 and finally pass it or reject it. The consequence of passing clause 4 would be that Honourable Members who move amendments to other clauses would have to incorporate the decision of the Assembly regarding 1s. 6d. in them, and the Chair would permit those alterations. It is not necessary to say now what would be the effect of the rejection of 1s. 6d. That question will be decided when such a contingency occurs. We will now proceed with clause 4. There are some minor amendments and I do not know whether the Honourable Members who have given notice of them desire to move them. If they do not, I will put the question.

**Mr. T. Prakasam** (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): Sir, may I have your permission to say a few words on a point of order with regard to clause 4. If the rest of the clause 4 excluding the ratio portion is taken into consideration now, the effect would be that the first part of the gold bullion standard which the Government wants to introduce in this Bill is taken into consideration. Clause 4 deals with the purchasing of gold that is offered to the Government and clause 5 deals with the selling of gold bullion exchange. These are the two clauses which constitute the gold bullion standard which the Government wishes to introduce through this Bill. In the Statement of Objects and Reasons it is said that the object of the Bill was to introduce the gold bullion standard. So my submission is that, if the rest of clause 4 is taken now, I am afraid it will be dealing with the question of the gold bullion standard itself.

**The Honourable Sir Basil Blackett** (Finance Member): May I say a word on that, Sir? This Bill does not introduce the gold bullion standard. It is a purely interim measure intended to cover a period between now and the time when the Gold Standard and Reserve Bank Bill comes into effect. It does not do anything more than provide for an interim period during which the standard will be a gold exchange standard. It does not touch the question of the gold bullion standard at all.

**Mr. Jamnadas M. Mehta** (Bombay City: Non-Muhammadian Urban): Sir, unless amendments Nos. 61 and 62 are moved, I propose to move my amendment No. 63.

**Mr President:** I do not know if other Honourable Members desire to move their amendments to clause 4. If not, I will call upon Mr. Jamnadas Mehta to move his amendment.

**Mr. M. S. Sessa Ayyangar** (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, I wish to move the amendment standing in my name, No. 61. I move:

“ That in clause 4 of the Bill for the figures ‘1065’ the figures ‘40’ be substituted.”

In doing so, I will first invite the attention of the House to paragraph 31 of the Currency Commission's Report.

“ 31. The basic right of convertibility that supports an exchange standard is too abstract for the present conditions in India: the backing which it supplies for the token currency is too intangible and invisible. Without some backing more certain, simple, and solid, confidence in the stability of the currency will grow more slowly than it should, if it grows at all, and progress in the habits of banking and investment will be delayed. A backing more certain, simple, and solid must be provided, nor can there be any doubt as to the best means of providing it. In the present state of its development Indian public opinion will have confidence in one thing only as solid enough for a backing for its currency, and that is gold. It requires some link that is real, and not only real but conspicuously visible, between the currency of the country and gold.”

The commission sought to provide such a link. Now, they made the further recommendation to restrict the quantity of purchase to 1065 tolas of gold. I do not know, Sir, if really the object which in paragraph 31 the Currency Commission had in view is served by this recommendation. I will next refer to paragraph 151.

“ 151. The Bank shall be obliged to buy from any person who makes a demand in that behalf at its offices in Bombay, Calcutta, and Madras, during the office hours of the Bank, in exchange for any legal tender money, gold bullion for delivery at its Bombay office at the price of Rs. 21 as. 3 ps. 10 per tola of fine gold, but only in the form of bars containing approximately 400 ozs. (1,065 tolas) of fine gold.”

Now, my first submission to the House is this. The quantity put down there is too heavy, regard being had to the circumstances and conditions obtaining in India. There is mentioned absolutely no reason whatsoever throughout the Report as to why this particular quantity, 1065 tolas of gold were introduced, except it be perhaps that the similar quantity devoted by the figure of 400 ounces obtains for a similar purpose in England under the English Act. Now, the conditions in England and in India are very different: in fact the average income per head in India does not compare at all favourably with the average income per head in Great Britain. Therefore if the minimum quantity prescribed in England for sale and purchase of gold be 400 ounces, certainly it must be put down at 1/30th if not 1/40th of that amount when we have to make a similar provision in India in the Indian Bill. But in the present Bill, it is so placed, that if at all, the middleman will have some profit, only the few rich will be able to offer this amount of gold; but the bulk of the people would miss “ the link ”. Suppose I have a moderate quantity of gold to part with, I cannot go to the Currency Authority unless I accumulate sufficient gold—1065 tolas—the value of which will be something like Rs. 22,000. In fact, it is not every ordinary man who can control that quantity of gold, to tender it to the Currency Authority. So the intermediaries or the few rich people who are buying the bullion for retail sale will be the only class of people likely to profit from this transaction. It is very hard, Sir, that the average Indian should be put to these inconveniences, and in this connection I,

[Mr. M. S. Śesha Ayyangar.]

would also refer the House to an opinion of Mr. S. B. Mehta printed on page 34 of the opinions that were circulated to the House :

"Even supposing the gold bullion standard is finally established, the restriction of the quantity of gold bullions saleable and purchaseable to not less than 400 oz. seems a bit iniquitous inasmuch as it will debar petty merchants in the mofussil and poor people from availing themselves of the system and it will leave them to the tender mercy of the richer classes, unless, of course, they combine and make their purchases from the Currency Authority. Besides, there is another aspect of the question worth consideration. During the past 26 years alone the net import of gold into India has been estimated to be worth about Rs. 465 crores, of which some Rs. 270 crores are in the form of bullion and the rest in coins. According to figures given by experts the gold coins and gold ornaments at present in India are worth about Rs. 700 crores and if these could not be converted, especially in times of distress, into legal tender money unless they are first converted into bars of at least 400 oz. each, it would entail great hardship on the people. It is an incontrovertible fact that all the vast hoard is poured forth in times of famines and other natural calamities and if then instead of finding this store of value being readily accepted by the Currency Authority in exchange for legal tender currency, the public is faced with the prospect of being victimised by the richer classes, the result may well be imagined."

I submit, therefore, Sir, in the first place that the proposal in the Bill entails great hardship, and secondly, though the Currency Commission recommended this statutory obligation for a free inflow and outflow of gold in the country, the right given to us by this means is practically taken away by fixing in the Bill this heavy quantity of gold, on which alone exchange can be had. And I would also in this connection refer to an opinion which is printed on page 50, the opinion of Mr. Harilal D. Jasani :

"The number of people in India who can command Rs. 22,000 at a time will not come to more than a few thousands out of a population of 33 crores and even the few thousands who can afford it will have no use for it as it cannot be used for currency purposes; the overwhelming majority of the people of this country will therefore never have any opportunity of converting their local currency into gold or their petty stock of gold into local currency, the limit placed on the quantity of gold to be sold or bought will practically nullify the statutory obligation which the Bill imposes on the Currency Authority."

So that these provisions, if taken into consideration, will show that the proposals embodied in the Bill do not secure the object with which the Currency Commission made this recommendation. Thus both the form and the quantity are such as to reduce the practical utility or usefulness of the right to nothing practically. And in this connection I might also mention that, as a result of the circulation of the Bill, many and also a few of the Government Servants do favour the reduction of the quantity of gold from 1,065 to something that is reasonable and just. I would particularly refer to the opinion of the Income-tax Commissioner in the Punjab on page 57 :

"The Commission wisely remark that India 'requires some link that is real, and not only real but conspicuously visible, between the currency of the country and gold' (para. 31). I am doubtful whether this will be secured by their proposals. Only the rich will be able to purchase 400 ozs. of gold."

Therefore the limit that is put in the Bill is certainly beyond the average Indian who may wish to sell a limited or smaller quantity of gold. I submit, therefore for the reasons I have stated, that this limit is arbitrary and too extravagant to make it reasonable from the Indian viewpoint. If it is 40 tolas or 15 ounces of gold, that would certainly be within the easy reach of the average individual.

**Mr. Vidya Sagar Pandya** (Madras: Indian Commerce): Sir, I think my amendment should have been taken up first before Mr. Sesha Ayyangar's.

**Mr. President:** The Honourable Member should have risen from his seat at the proper time.

**Mr. Vidya Sagar Pandya:** I did not catch your eye, Sir.

**Mr. President:** What is the Honourable Member's amendment?

**Mr. Vidya Sagar Pandya:** My object is to reduce from 40 to 10.

**Mr. President:** That is lumped up with so many other things that it is very difficult to separate it. However, if the Honourable Member separates it and moves it in the following form, namely, "that in clause 4, for the figures '1065' the figures '10' be substituted" the Chair will allow it.

**Mr. Vidya Sagar Pandya:** Yes, Sir.

**The Honourable Sir Basil Blackett:** I think there is some misunderstanding as to the position in regard to this proposal in clause 4. The proposal is that an obligation should be laid on the Currency Authority to purchase gold.

**Mr. President:** Would it not be more convenient if the amendments of Mr. Kelkar and Mr. Vidya Sagar Pandya were also before the House before the Finance Member speaks?

**The Honourable Sir Basil Blackett:** I think I might shorten the discussion. The object of this clause is to lay an obligation on the Currency Authority to purchase gold from the public. Obviously there must be some lower limit to the obligation. The fact that there is a lower limit will not prevent the Currency Authority in practice from buying gold in very much smaller quantities if he feels so inclined, and provided that he can conveniently do so. In the matter of purchase of gold from the public the Currency Authority will, in practice, have no objection to taking smaller quantities, but does not want to be under an obligation in all circumstances to take gold in any small quantities, for instance, half a grain, that might be brought to it. There must be some lower limit which will be a convenient one. It is also undesirable that the Currency Authority should simply and entirely take the place of the bullion market in this matter. The figure of 1065 tolas corresponds to the limit of 400 ounces in the English currency system at the present moment. But that limit is for the purpose of the sale of gold by the Currency Authority to the public. This is merely the parallel with the sale. If without prejudice to the question of the lower limit for the amount that the Currency Authority shall sell to the public—that is a question which will come up not on this Bill but on the Gold Standard and Reserve Bank Bill—a smaller limit than 1065 tolas can be introduced here, the Government are not wedded to an exact figure. I would suggest that a reasonable compromise in the matter would be to accept Mr. Kelkar's figure of 300 tolas. Government would be prepared to add to that an undertaking that it is their intention to instruct the Currency Authority to accept gold in smaller quantities whenever it is convenient to it to do so. It is merely a question of the obligation that is to be imposed upon it. In practice, it will accept gold in small quantities when it can conveniently do so. I think that if the

[Sir Basil Blackett.]

Honourable Member who has moved this motion and Mr. Vidya Sagar Pandya would agree to the figure of 300 proposed by Mr. Kelkar, we might come to a compromise on that point without spending further time in discussion.

**Mr. R. K. Shanmukham Ohetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, may I just ask a question of the Honourable the Finance Member on a point of information? The English analogy has been brought out and it has been pointed out that the system that has been introduced in England in 1925 provides also for a minimum of a 400 ounces bar of gold. But reading the Gold Standard Act of 1925 which established this system in England, I find that the obligation imposed upon the Bank of England is only to sell gold at a minimum of 400-ounce bars and so far as the obligation to purchase gold is concerned, there is no limit fixed at all. So, if I understand the Gold Standard Act of 1925 correctly, a person in England can take even the smallest quantity of gold to the Bank of England and exchange it for currency. And may I ask, Sir, what is the reason that has induced Government to introduce this departure from the practice which is now prevailing in England?

**The Honourable Sir Basil Blackett:** I think I explained to the House that we require some lower limit for convenience so that we may not entirely take the place of the bullion market in this matter. The analogy, as I said, of the 1,065 tolas is taken from the sale of gold, not the purchase of gold. The Currency Authority will, in practice, be willing to purchase gold in quite small quantities, but I think for its protection and for the protection of the bullion market we want to have a lower limit, and a convenient lower limit would, I suggest, be the figure proposed by Mr. Kelkar.

**Mr. President:** Does the Honourable Member from Madras wish to move his amendment?

**Mr. Vidya Sagar Pandya:** No, Sir, I do not.

**Mr. N. O. Kelkar** (Bombay Central Division: Non-Muhammadan Rural): Sir, I propose the amendment that stands in my name, namely:

"That in clause 4 of the Bill for the figures '1065' the figures '300' be substituted."

My reason briefly is this. Of course the Finance Member has accepted it. I will just briefly explain why I have put in that figure. Whatever may be the future intentions about this purchase of gold, 1,065 is at present the statutory figure. We cannot get over that point. Therefore, there must be some statutory figure in this Bill regulating the purchase of gold. Then, it should be a reasonable figure. I do not know how the Government look at this matter from the point of view of building up their gold reserves. If I were in their place I should certainly go for the least little minimum in this matter.

**The Honourable Sir Basil Blackett:** I agree.

**Mr. N. O. Kelkar:** I want to build up my reserves. Any gold that anybody brings to me, I purchase. That should be the policy if you want to build up your reserves. There is this consideration, on the other hand,



that I do not want Government to compete with the market. It is a very bad policy that Government should go into the market like that and take away the business of the private dealer in this matter. Therefore, as the Finance Member said rightly, some reasonable figure should be fixed. I think that as 800 tolas means about  $6\frac{1}{2}$  thousand rupees, we may naturally expect that a man who has got so much gold to dispose of will think it beneficial to go to the Government because, as a matter of right, he can sell it. In the market it would be very inconvenient for him to offer gold for sale for immediate need of the value of  $6\frac{1}{2}$  thousand rupees. Therefore, I think that 800 tolas is a reasonable figure, and I think the House will accept it.

**Mr. T. Prakasam:** Sir, I rise to support the amendment of Mr. Sesha Ayyangar to substitute the figure '40' for '1,065'. I gave notice of an amendment, Sir, that there should be no limit to the quantity of gold that might be offered for sale to the Government on the basis of the English Act itself. But inasmuch as the Honourable the Finance Member said that there must be some limit, it might be fixed at 40, if not at 10. 300 tolas will certainly be too much and it will not help the Government if they really want to receive gold and stock it so that it might ultimately help them. They must be prepared to receive even smaller quantities when people bring these to them. Therefore I would submit that 40 tolas might be accepted by the House.

**Mr. President:** The question is :

"That in clause 4 of the Bill for the figures '1,065' the figures '40' be substituted."

The Assembly divided :

AYES- 62.

Abdul Latif Saheb Farookhi, Mr.  
Abdullah Haji Kasim, Khan Bahadur  
Haji.  
Acharya, Mr. M. K.  
Ayyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ariff, Mr. Yacoob C.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sesha.  
Bhargava, Pandit Thakur Das.  
Birla, Mr. Ghanshyam Das.  
Chetty, Mr. R. K. Shanmukham.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Haji, Mr. Sarabhai N.  
Ismail Khan, Mr.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kartar Singh, Sardar.  
Kelkar, Mr. N. C.  
Khin Maung, U.  
Kidwai, Mr. Rafi Ahmad.  
Kunzru, Pandit Hirday Nath.

Lajpat Rai, Lala.  
Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Nehru, Pandit Motilal.  
Neogy, Mr. K. C.  
Pandya, Mr. Vidya Sagar.  
Phookun, Sriput Tarun Ram.  
Prakasam, Mr. T.  
Rahimtulla, Mr. Fazal Ibrahim.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvotham.  
Roy, Rai Bahadur Tarit Bhusan.  
Sarda, Rai Sahib Harbilas.  
Shafee, Maulvi Muhammad.  
Shervani, Mr. T. A. K.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Singh, Raja Raghunandan Prasad.  
Sinha, Mr. Ambika Prasad.  
Sinha, Mr. Siddheswar.  
Tok Kyi, U.  
Vishindas, Mr. Harchandrai.  
Yakub, Maulvi Muhammad.  
Yusuf Imam, Mr.  
Zulfiqar Ali Khan, Nawab Sir.

## NOES—57.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Matin Chaudhury, Maulvi.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
 A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
 Nawabzada Sayid.  
 Ayyangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
 Gopalaswami.

Bhore, The Honourable Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Chalmers, Mr. T. A.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Dalal, Sir Bomanji.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 Ghulam Kadir Khan Dakhan, Mr.  
 W. M. P.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hezlett, Mr. J.  
 Howell, Mr. E. B.  
 Hussain Shah, Sayyed.  
 Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.  
 Jowahir Singh, Sardar Bahadur  
 Sardar.  
 Kabul Singh Bahadur, Risaldar-Major  
 and Honorary Captain.  
 Keane, Mr. M.  
 Kikabhai Premchand, Mr.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Macphail, The Revd. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Mohammad Ismail Khan, Haji  
 Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
 Alexander.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur M. C.  
 Rajan Bakhsb Shah, Khan Bahadur  
 Makhdum Syed.  
 Rau, Mr. H. Shankar.  
 Roy, Mr. K. C.  
 Roy, Sir Ganen.  
 Ruthnaswamy, Mr. M.  
 Shah Nawaz, Mian Mohammad.  
 Singh, Rai Bahadur S. N.  
 Suhrwardy, Dr. A.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Young, Mr. G. M.

The motion was adopted.

**Mr. President:** Do any other Honourable Members wish to move any amendment to clause 4?

**Mr. Jamnadas M. Mehta:** Yes, Sir, I beg to move:

"That in clause 4 after the words 'subject to such conditions' the words 'as to assay, quality and fineness' be inserted."

Now, Sir, this presupposes that although the House has rejected the 1s. 4d. it will accept the 1s. 6d. ratio. I sincerely hope it will not, but in the contingency of the House accepting it I propose that these words be added after the words "subject to such conditions". This question, as the House will notice, is with reference to the purchase of gold by the Currency Authority and the condition at present imposed is "subject to such conditions as the Governor General in Council may, by notification in the Gazette of India, prescribe". Now, Sir, we want to know definitely what these conditions are going to be. It is true that we have now agreed to the fact that the Currency Authority shall purchase gold in bars containing not less than 40 tolas, but there is this qualification "subject to such conditions", and we want to be quite clear as to what those conditions are going to be. There should not be any arbitrary discretion vested in the Currency Authority on the strength of which it would reject bars except on conditions known in advance. And in order that the rights of the people who tender gold for sale to Government should be clearly safeguarded and defined, I want to propose that the conditions which the Governor General in Council may make shall refer only to assay, quality and fineness and no

other, and it should not be arbitrarily possible for the Governor General in Council to lay down such conditions as are outside these three matters, namely, assay, quality and fineness. For instance, the bar may be rectangular or not: it may be somewhat round or not; but if any definite dimension or size or shape of bar is insisted upon, then the ignorance and illiteracy of the people will prevent them from taking their gold to the Currency Authority. And if you compel them to bring the bars in a definite shape and size, then again they will not be able to come to the Currency Authority direct for the purpose of converting their petty stock of gold into currency. For that reason, Sir, it is necessary that so far as the Currency Authority is concerned, it should notify conditions only as regards its assay, quality and fineness, and no other condition should be imposed on those who bring gold bars for sale. Then only will the raiyat have an unrestricted right to turn his petty stock of gold into currency; otherwise the conditions imposed may be so hedged round this right that in practice it will be nullified and the raiyat will be deprived of his right to sell his gold. I do not think the Government themselves should have any objection, because, as my friend Mr. Kelkar has rightly said, they should themselves be anxious to increase their reserves of gold in order to hasten the day when a gold currency can be established. For that reason I think Government themselves should agree to the specification of the conditions in advance and limit the conditions which the Governor General in Council may notify. I hope, Sir, for these reasons the House will agree that the conditions which the Governor General in Council shall notify shall relate only to "assay, quality and fineness" of gold and to no other.

**The Honourable Sir Basil Blackett:** Sir, there is no difference of opinion between the two sides of the House in this matter. The object of the Government as the Currency Authority is that it shall be in a position to receive gold as freely and in as large quantities as it may be tendered, and the more gold there is tendered, the better the Currency Authority will be pleased. We are all in entire agreement on this point. I was interested to see that Mr. Jamnadas Mehta is now a supporter of the 2s. ratio. But even at the 2s. ratio we should want to receive gold if it is tendered. One of our objects in preferring 1s. 6d. is that we think it will be tendered. We wish therefore to get gold in as large quantities as we can. But we must be in a position to carry out our obligation. The reason why the Government preferred the figure of 300 tolas instead of the figure of 40 tolas which has just been agreed to was that it may be sure of being in a position to fulfil its obligation thoroughly and that it may not interfere too much in the retail business of buying gold. As regards these words, our intention is exactly what Mr. Jamnadas Mehta desires, namely, that the conditions should relate to assay, quality and fineness. But those words would not cover everything in the draft notification. I have actually a copy here. It deals with various matters, such as the order in which gold will be received and paid for. That is something other than assay, quality and fineness which the notification deals with. Then there is the difference between unrefined and refined gold, the charges to be levied for assay in the case of refined gold and for refining in the case of unrefined gold, the issue of provisional and final certificates of payment, the conditions under which gold brought in for sale to the Government can be withdrawn. All that would not be covered by the words "assay, quality and fineness". But I should like to assure the House that while the Government cannot accept this amendment, they are in full agreement with Mr. Jamnadas

[Sir Basil Blackett.]

Mehta that no kind of restrictions that can be avoided should be placed in the way of those who wish to tender gold to the Government, and I can assure the House that the Currency Authority will receive gold in as large quantities and as freely and with the least possible restrictions as it can. I would however ask Mr. Jamnadas Mehta in these circumstances not to press this amendment because those words will not cover all the conditions which it would be necessary to include in the notification.

**Mr. Jamnadas M. Mehta:** Very well, Sir, I would ask permission to withdraw my amendment.

The motion was, by leave of the Assembly, withdrawn.

**Mr. President:** I do not think there is any other Honourable Member who wishes to move his amendment to clause 4.

**Mr. R. K. Shanmukham Chetty:** Sir, is it not open to us to discuss clause 4?

**Mr. President:** Yes, it is open to Honourable Members to discuss clause 4 at any length they like provided they are relevant.

The question is:

"That clause 4, as amended, do stand part of the Bill."

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, as you have very rightly pointed out, though the House has rejected the amendment moved by my Honourable friend to fix the rupee at 16*d.*, it does not necessarily follow that the House would be a party to fixing the ratio at 18*d.* as proposed by the Government. To the outside world it would appear that the Indian Legislative Assembly has rejected the proposal to go back to the pre-war ratio of the rupee, but it is only those who know the actual constitution of the Indian Legislative Assembly that can appraise the true value of the decision that the House has arrived at in this matter. It is a tragic sight indeed to witness that though 65 elected representatives in the House thought in one particular manner, their opinion has been overruled by 28 other elected representatives. In my calculation I do not take into account those 40 Honourable Members who voted against this amendment. I am sure some of them have voted according to their conviction and honestly thought that a 16*d.* rupee was not for the good of the country. But I cannot help thinking that at least a few of those who voted against that amendment are in the position of the famous hero of Goethe's play, Dr. Faustus, who had sold his soul to Mephistopheles. They had no other option but to vote against the amendment.

Sir, it is unnecessary for me in opposing the motion that clause 4 do stand part of the Bill to repeat those arguments which have been so ably put forward by various Honourable Members on this side of the House—arguments which to my mind have not been convincingly answered by the Honourable the Finance Member. When the future historian reads the history of this debate in the proceedings of the Legislative Assembly, he cannot fail to be struck with the remarkable fact that on such an important issue, the chief spokesman of the Government did not even think it worth while to reply to the debate. He thought perhaps that arguments were of no avail (Laughter); he thought that the psychological moment had come.

when heads ought to be counted, and straightaway he got up in his place and said that he did not want to exercise his right of reply. To my mind, therefore, the arguments which have been advanced in favour of a sixteen pence rupee have not been answered at all, at any rate they have not been answered in any convincing manner by the spokesmen of the Government. I would like to say a few words why the House ought not to be a party to placing the 18-pence rupee on the Statute-book. Having listened to the two speeches of the Honourable the Finance Member on the floor of this House, and having read the great many speeches that he delivered outside the House, I am led to think that the fundamental argument upon which the whole case of the Honourable Member is based, and the main justification for the step that he is taking is the first of his eleven commandments, that the rupee has no natural value beyond its actual silver content, and that any other value attached to the rupee must be of a purely artificial nature; and from this premise he proceeds to infer that there is no sanctity attaching to the sixteen pence rupee, and that he would not be violating the sanctity of any contract by changing the ratio now to 18d. Sir, I am not sure whether all of us have realized the full significance of, and the implications underlying, this statement of the Honourable the Finance Member. The statement of the Honourable Member would no doubt be true if we are beginning on a clean slate. But in the light of the currency history of India from 1899 we cannot subscribe to the dictum of the Honourable the Finance Member. The Finance Member has said that there is no natural value for the rupee. If that statement is to be accepted as correct, then we have been standing on a financial precipice all these years. If the rupee has no natural value, may I ask what has been the standard of value upon which our monetary system was based all these years? The rupee must have been linked to some standard and we have all along thought that a rupee represented 7.5 grains of gold. But the Honourable the Finance Member would have us believe that the rupee has no natural value, that there is no sanctity attaching to any particular value of the rupee. That is a proposition that we cannot subscribe to.

Our main argument against fixing the ratio at 18d. at the present moment is that by taking this step, we would be violating the sanctity of all the past contracts, that we would be bringing about a change in our standard of value—a step which cannot be justified except under very extraordinary circumstances. If you look to the history of other countries which changed their standard of value, you will find that they were forced to take that step by their financial bankruptcy. In changing their standards they always depreciated their currency. But in changing our standard of value, we are not depreciating our currency but actually appreciating it. (*The Honourable Sir Basil Blackett*: “Two shillings?”). Well, Sir, if the Honourable the Finance Member wants this House to believe that two shillings is the present value of the rupee, I may tell him that he is not serious in what he says. (*The Honourable Sir Basil Blackett*: “Statutory value”.) There has been no country that has appreciated its currency under any circumstances, and India will be the first instance of a country deliberately appreciating its currency. In this connection my Honourable friend and professor, the Reverend Dr. Macphail, said that when my Lords of the Treasury opposed a similar proposal in 1879, they were actuated by the mid-Victorian theories of *laissez faire*. He further proceeded to say that there was no sanctity attaching to any standard of value, and based his argument on the quantitative theory of money. With due apologies.

[Mr. R. K. Shanmukham Chetty.]

to my professor, I have to say that his teachings on economics have made me learn quite the opposite of what he himself has perhaps been teaching (Laughter). I cannot understand how a step in the direction of appreciating the currency can be justified on the quantitative theory of money. Broadly speaking, the advocates of the quantitative theory of money say that the commodity value of currency varies with the actual quantity of currency that exists for the time being. But I cannot understand how those who believe in this theory can justify a deliberate change in the standard of value which the present measure is attempting to do. I submit, Sir, that this House ought not under any circumstances to be a party to this very drastic and unwarranted step.

In the attempt to fix the rupee at 18d. I am afraid one very essential factor has not been sufficiently taken into consideration, and that is, the probable future course of gold prices in the world. Even when the Babington-Smith Committee made their recommendation to fix the rupee at two shillings, they thought that they were justified in recommending that step on the ground that gold prices had gone up very nearly 100 per cent. They were careful to say that if there was a considerable fall in the gold prices in the world, then their recommendation to fix the ratio at 2 shillings would have to be reconsidered. This aspect of the future course of the gold prices in the world has not been sufficiently considered in the attempt that the Honourable the Finance Member is at present making. The other day speaking on the Reserve Bank Bill, I said that during the last one year and more there has been a steady fall in the gold prices, and my Honourable friend the Finance Member challenged that statement. I quoted for his edification the index numbers of the United States Bureau of Labour and proved that there has been a steady fall in the gold prices in the world. Since giving those figures to him I got a few other figures given in the Indian Trade Journal for 1927. It gives certain index numbers of wholesale prices in Calcutta:

The index number of cereals for January 1925 was 135, in December 1926, 133.

Oil-seeds in January 1925, 153, and in December 1926, 137.

Raw jute in January 1925, 118, and in December 1926, 89.

Raw cotton in January 1925, 212, and in December 1926, 119.

Hides and skins in January 1925, 127, and in December 1926, 118.

From these index figures, Honourable Members will realise what a fall there has been in the gold prices in the world from January 1925 to December 1926. I have also got with me the wholesale prices of certain staple articles in the Calcutta market. I do not propose to give all these figures. If you take the example of raw jute it was Rs. 16-4-0 per maund in January 1925 and in November 1926 it was Rs. 11-12-0 per maund. The tendency has been, as exhibited by these figures, in the direction of a steady fall in the gold prices in the world, and experts who are expected to know the course of gold prices have prophesied that there will be a still further fall. If that were to happen, then woe unto the Finance Member, who would have to keep the rupee at 1s. 6d. Professor Keynes speaking about the appreciation of the sterling that was brought about in England in 1925 makes the following remarks.

**The Honourable Sir Basil Blackett:** May I inquire, Sir, whether all this is entirely relevant. It seems to me that these are still arguments for 1s. 4d. which the House has rejected.

**Mr. R. K. Shanmukham Chetty:** I am giving the Honourable Member very relevant and very sensible arguments as to why he should not keep the rupee at 1s. 6d. I am trying to prove to him that if the course of the gold prices in the world is any guidance for us then it will be very difficult indeed to maintain the rupee at 18d.

**An Honourable Member:** What is your proposal?

**Mr. R. K. Shanmukham Chetty:** My proposal is to go back to 16d.

**The Honourable Sir Basil Blackett:** The alternative to it is to leave 2 shillings on the Statute-book now. Therefore, arguments in favour of 1s. 4d. are, I submit, after Tuesday's decision, repetitions.

**Mr. R. K. Shanmukham Chetty:** I do not object at all to the Honourable Member keeping 2 shillings or even 4 shillings on the Statute-book.

**Mr. T. Prakasam:** The two shillings rate was a dead letter on the Statute book.

**Mr. R. K. Shanmukham Chetty:** Mr. Keynes says:

"If, therefore, you fix the exchange at this gold parity, you must either gamble on a rise in gold prices abroad, which will induce foreigners to pay a higher gold price for our exports, or you are committing yourself to a policy of forcing down money wages and the cost of living to the necessary extent."

Any attempt to appreciate your currency is therefore a gamble in the gold prices in the world. If gold prices rise no doubt the Honourable the Finance Member is safe. But even then, the people of India, though they may not feel the loss, will yet be deprived of the legitimate gain to which they are entitled. This House cannot be a party to such a gamble in the future gold prices, and I submit that it would not be possible to maintain the 18d. ratio for long. It will have to break down sooner or later as the 2 shillings ratio. Even the Hilton Young Commission realised the possibility of a future fall in the gold prices and they took satisfaction in the thought that, if there was a further fall in gold prices, India would have to suffer with the rest of the world and nothing more would happen. But then they failed to realise that if there be a further fall in the gold prices India will not merely be suffering with the rest of the world but be suffering 12½ per cent. more than the rest of the world as a result of the appreciation of her currency. If the 18d. is to be maintained, it will have to be done either by exporting gold from India or by borrowing in the London money market. I am sure, Sir, that this House will not be a party to either of these steps. We believe that it would not be possible to maintain the exchange at 18d. without resorting to one of these two methods. The history of currency and exchange in this country has been alternately an experiment by amateur and expert Finance Members. It has been a history of blundering and plundering—to use the words of a famous English statesman. This country suffered greatly as a result of the policy of blundering during the regime of the predecessor of the present Finance Member, and I put it to the House whether they are going to be a party to the policy of plunder that is to be inaugurated. To those who out of conviction voted against 1s. 4d. I make this appeal. I concede that they honestly thought that 16d. ratio was not for the good of the country. They took a great responsibility on their shoulders in voting against that amendment. Should they

[Mr. R. K. Shanmukham Chetty.]

take upon themselves also the responsibility of putting the 18d. on the Statute-book? If 18d. is to be maintained, let that responsibility be on the Finance Member and let not the House be a party to it. I therefore appeal to the House to reject clause 4 of the Bill.

**Nawab Sir Sahibzada Abdul Qaiyum** (North-West Frontier Province: Nominated Non-official): Sir, I do not want to enter into a debate of this technical nature. It is only in the way of a personal explanation that I am going to say a few words. I have noticed, Sir, that in this House every now and then remarks are made by Honourable Members on the opposite side questioning the honesty of people on this side about voting, and though I do not hold any brief for the whole lot of Members sitting on this side, still I think I owe my friends on the opposite side a little explanation at least about myself. Sir, experts have crossed swords on the floor of this House, and very highly qualified people like Mr. Jinnah have also spoken on this complicated subject of currency and ratio but the points which puzzle a layman like myself are not yet cleared, and I should like to put those points before the House in very simple language and not in classics or in technical language that is being used in this debate.

Questions were put by Sir Purshotamdas Thakurdas and the Honourable Sir Basil Blackett, but they were too difficult for me to understand, and so were the answers that followed. I will therefore use my own language in putting those questions. The first point which has not yet been made clear for men like myself is that while every country is trying to appreciate its currency, why should we be trying to depreciate it? To my mind it is the depreciation of our currency that the members opposite are trying to secure. The second point which puzzles me, Sir, is, that if it is a barter between silver and gold, or the purchase of gold by the silver rupee then why should we pay a larger quantity of silver for the gold that we are buying, and it really comes to this since Government has offered to sell gold bullion for rupee currency? If we can get the 7 or 8 grains of that gold for Rs. 13, why should we be forced to pay Rs. 15 for it? These are the simple questions that puzzle me. I may be wrong—(to Sir Purshotamdas Thakurdas). You are laughing, Sir, but these are doubts which I really entertain.

**Sir Purshotamdas Thakurdas:** I assure my Honourable colleague that I am not laughing.

**Nawab Sir Sahibzada Abdul Qaiyum:** Then why should we pay more for that quantity of gold that we want to get? We are told, and it seems to me the main point at issue in this debate, that exports are greater than imports and so we shall lose—God knows in what way: I cannot follow all the reasonings, but supposing that we shall be losers, which is not quite clear to me—I do not want to touch the technical part of it, and will simply confine myself to the main principle—why should we depend always on income from our exports? Foreign markets may be closed to us at any time. My experience of the past three or four years in this House is that the Honourable Members on the opposite side are ever anxious to restrict the export of raw materials as far as possible, and this is the only occasion of a matter of general application on which they want exports to increase. I can see that perhaps by demanding Rs. 15 for a certain quantity of a commodity we shall be discouraging foreign traders in ordering our products and the



exports will decrease, but I would not be unhappy if exports are discouraged and we are allowed to use those products in our own country. It is just possible that our manufacturers may not be able to compete with goods coming from across the seas, but why should our Swarajist friends object to it when it will only encourage home and indigenous industries and possibly the "charkha"? This is an opportunity for them to keep the products of the country for the use of the country. It may possibly put my friend on the right, Sir Victor Sassoon, and other millowners or middlemen to some losses, but it will surely keep down the prices and keeping down the prices in the country will encourage indigenous industries and home manufactures. Of course we may not be able to put on very fine clothes but there will be a chance for my dear friends the Swarajists if they want to use "*Khaddar*". But please do not inflate the currency. What will be the result of more money coming from abroad? There will be the so-called increase of wealth in the country but the products of the country will be the same and you will only be inflating your currency and instead of getting Rs. 13 for a pound you will be getting Rs. 15 and thus raising the cost of living. You may possibly later on, as in the case of the German marks, the French francs and the Russian roubles, be dealing in larger figures of rupees and will perhaps have to cut down the figures by dealing in thousands only instead of units and this will be the wealth you will be accumulating for your country. These are my doubts and that is how a layman thinks of the eventual effect of the lower ratio in the country.

One word more and I am done. I hope you will give us a little credit, if not for honesty, at least for our ignorance, as compared with some of the Honourable Members on the opposite benches.

**Mr. Fazal Ibrahim Rahimtulla** (Bombay Central Division: Muhammadan Rural): Sir, I rise to oppose clause 4 of the Bill, and before I go into the subject I wish to say on the floor of this House to my friend, Sir Abdul Qaiyum, that there is no desire on the part of this side of the House to doubt the honesty of the nominated Members of this House; but we feel that by virtue of their being nominated Members they are debarred from giving that consideration which is due to such an important subject by not taking part, or not being able to vote as is expected of them, or the country would like them to exercise their vote, in the best interests of the country.

Sir, the Honourable the Finance Member wants this House to consider this question on its own merits, and in the best interests of the country. If that is so, may I ask him why he has taken such a leading part in the debate and shown persistence in the 1s. 6d. ratio? If he were to say, "Let the representatives of the country in the Assembly decide the question, while the Government Members will be neutral on the subject, I assure you that I would appeal to my Swarajist friends not to make this a party question but leave it to the discretion of the people to vote in the best interests of the country, and I would like Mr. Croke to realise that I do not debar European elected Members of the House in that. But having regard to the fact that personality has played so prominent a part in the discussion of such great importance, the whole point to my mind is that I shall appeal to my friends here that if they think, which I think they do, honestly, that 1s. 4d. is not the proper ratio for this country, that they will not be a party to an exchange or ratio of 1s. 6d. which will make India lose 50 crores of rupees every year. It is a matter of regret, Sir, that the Moslem Members of

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this House have been made a target in this country and that they have been accused of blindly following the Government Benches (*An Honourable Member*: "Not all of them"). I shall tell them that the Muhammadan Members must think that this is not a racial question, that this is a question which one has to consider for the best interests of one's country and that in that country there are Muhammadans as well as Hindus.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): Because Muhammadans are almost all agriculturists.

**Mr. Fazal Ibrahim Rahimtulla**: Muhammadans are agriculturists, and Hindus are not agriculturists? Mr. Kabeer-ud-din Ahmed should try and give serious consideration to this debate instead of talking in this ridiculous manner.

**Mr. K. Ahmed**: There are many Muhammadan agriculturists in proportion to their numerical strength. The attack on me is unjustified as my friend is suffering from hydrophobia it seems.

**Mr. Fazal Ibrahim Rahimtulla**: I did not expect this language from a barrister friend in this House. He must realise that this is a question where the country's welfare is concerned and not trot out these ridiculous expressions from time to time . . . .

**The Honourable Sir Basil Blackett**: Is the Honourable Member in order in calling a Member ridiculous?

**Mr. President**: The word "ridiculous" is not applied to the Honourable Member but to the word "expressions" and is not unparliamentary.

**Mr. Fazal Ibrahim Rahimtulla**: Now, I should like to tell the Honourable Member why I am opposed to 1s. 6d. and I shall show, according to his own theory, that it is not advisable to have 1s. 6d. at the present juncture. He has presented a Budget in which he tells us that if you accept the 1s. 6d. rate there will be a surplus of 5-crores, and if you have a ratio of 1s. 4d., you have a loss of 5 crores. Well, Sir, according to his own theory, if we have 1s. 8d., there will be a surplus of 10 crores . . . .

**The Honourable Sir Basil Blackett**: No, entirely wrong.

**Mr. Fazal Ibrahim Rahimtulla**: If we have 1s. 10d., we shall have a surplus of 15 crores and with 2s. 3d. we shall have a surplus of 20 crores.

**The Honourable Sir Basil Blackett**: The Honourable Member is entirely wrong, the loss is mainly due to disturbing stability. The Honourable Member used the right adjective to describe this argument of his when he applied it to Mr. K. Ahmed.

**Mr. Fazal Ibrahim Rahimtulla**: It is for the Honourable Member to say what he likes, but it is for the House to judge which is the better argument of the two. There is a great deal of suspicion, as pointed out by my friend the Honourable Mr. Jinnah, that though the Honourable the Finance Member would like to put down a natural ratio for this country, he is debarred from doing so by other considerations, and I shall, Sir, take the opportunity of reading to you a small paragraph from clause 88 of the extract from the Report of the Joint Select Committee of the House of Lords and the House of Commons, which was appointed to consider the Government of India Bill, 1919. It says:

"Nothing is more likely to endanger the good relations between India and Great Britain than the belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain."

I say, Sir, unless you are willing to work in a spirit of good-will for the best interests of this country, the motives and intentions of Government will always be suspected. Here I say to the Honourable the Finance Member that, if he wants, as he has said outside this House and inside it, this question to be considered in calm deliberation without any consideration of personal feelings, without the prestige of Government being involved, he must say that the Government on this question will remain neutral and let the representatives of this House, the representatives of the nation, decide which is the best ratio for their country. It is after all they who are concerned and not the Government of India. I would say, Sir, that the Government of India's name is a misnomer. It should be called the Government of England in India. This is the exact name for the present Government attitude towards the country, and I hope, Sir, this House will not be a party to it. If they are not willing to agree to the 1s. 4d. rate, because they think, with which I do not agree, that it is not in the interests of the agriculturists in the country they must not agree to the present clause 4 of the Bill. But I warn them that, before they think that 1s. 6d. should remain on the Statute-book, they should give that consideration to the subject which is due to this House and to the country and that they will not squander away Rs. 50 crores annually without even giving a thought to it . . . .

**Mr. K. Ahmed:** Capitalists are not of this country.

**Mr. T. Prakasam:** Sir, clause 4 of this Bill deals with two points, one about the ratio, and the other the obligation on the part of the Government to purchase gold when offered in a particular quantity. For purchasing of gold, the limit fixed by the Government is 1,065 tolas in bars. The amendment that has been accepted by this House has limited it to 40 tolas. It is that clause as well as the clause relating to the ratio that is now before this House for final consideration. You have to consider what the effect of this would be when it is passed. There is another clause which the Government will insist upon, for demonetizing the sovereign. This clause fixes on Government the liability to purchase silver in quantities of 40 tolas whenever required. My feeling is that if this is passed there might be a conflict at a later stage when the clause relating to the demonetization of the sovereign comes before you. This clause might conflict with gold standard and gold currency when that is placed before the House. Therefore I submit that this clause, so far as it relates to the purchase of gold in 40 tolas, should be rejected altogether in the first place. If that is not possible, if we have to accept it, it must be limited to 40 tolas . . . .

**Mr. President:** Did the Honourable Member vote for 40 tolas?

**Mr. T. Prakasam:** I did vote, Sir; I did vote for 40 tolas when it was thrust upon me and I will stand by it and I will adjust my position later on, but I hope it will not be necessary.

Then, Sir, as regards the question of ratio this House has not given its final decision. This is the stage at which you have to consider it. My Honourable friend Mr. Rahimtulla has addressed you at length as to the consequences that would ensue if you should accept the 1s. 6d. ratio. I am not here to speak for the Bombay millowners or for the capitalists. I have been giving my best consideration to this question from the standpoint of the poorer classes, agriculturists as well as labourers, for whom so much solicitude has been evinced latterly by the Government . . . .

**Mr. K. Ahmed:** But that is a fact.

**Mr. T. Prakasam:** It is stated in the Budget that there would be a deficit of over 5 crores if the 1s. 6d. ratio is not accepted by this House. The consideration of this Bill has been adjourned to the middle of the Budget and sanction has been demanded at the point of the bayonet. If by accepting 1s. 4d. the deficit, as pointed out by the Honourable Member, would be over 5 crores in this Budget, what would be the total losses sustained by this country, not only for this year, but for future years? How many crores and crores of rupees will it be, you will have to consider? I shall try at this final stage, without wandering into irrelevant matters, succinctly to place certain new positions before you . . . .

**Mr. President:** Order, order, address the Chair please.

**Mr. T. Prakasam:** The ratio question, Sir, deals with two aspects. The first is whether a higher ratio is beneficial to a country like India, situated as it is, or a lower ratio on general principles. I would submit to the Honourable Members of this House that, so long as this country is subject to the British Parliament in England, so long as the trade of this country, the finances of this country are controlled from London, India stands quite in a peculiar situation. Sir Abdul Qaiyum was asking why, when all countries are asking for appreciation, should India be for depreciation? If it is Sir Purshotamdas Thakurdas, Mr. Ghanshyam Das Birla, and Sir Victor Sassoon that are pressing for this ratio of 1s. 4d. on this country with a view to get some benefit for themselves, without any regard to the country's interests and to the interests of the poor people, I should be the last man to get up here to speak in support of this proposition. I shall be showing to you some disinterested evidence. A portion of it has already been read to you. That related to the year 1879 and it was referred to by Pandit Madan Mohan Malaviya . . . .

**Mr. President:** On this side please.

**Mr. T. Prakasam:** I will now place before you, Sir, the evidence of quite disinterested witnesses to show that this country would suffer by the adoption of a higher ratio, and in this particular case by the adoption of a ratio of 1s. 6d. I place before you the opinion of disinterested Englishmen who stated that by the adoption of a higher ratio the Government would be following a fatal course so far as the interests of this country are concerned. In 1898, there was a Currency Commission called the Fowler Committee; that Committee made certain recommendations; and I may say here, in passing, that if there are any beneficial recommendations by any committee they are always ignored by the Government; but if there are any reactionary recommendations they are immediately introduced in the form of a Bill and thrust upon this House and upon the country through this House. The Fowler Committee considered and submitted its Report in 1898. On that Committee there were two English gentlemen as members who recorded their opinion as follows—and I would request the attention of the Honourable Members of the House to this valuable opinion given by disinterested Englishmen who had no idea other than the interests of the poor people of this country.

Mr. Campbell and Mr. John Moore, members of the said Committee, did not agree to the 1s. 4d. ratio; they wanted to reduce it to 1s. 3d. Their objection to 1s. 4d. was on the ground of, firstly,

“its effect as an unfair tax on native production, while conferring a bounty on imported goods. It is not a sufficient reply to this to say that as imports are paid for—

by exports the gain and loss to the community are equal. This is evident when we consider that the native producer is the class which loses while the class which gains is the consumer of imported goods. It can never be sound policy to handicap native industry while giving a bounty to foreign imports; and in the case of India with large foreign obligations which can only be met by surplus exports of produce it would be a fatal course to pursue."

Now, Sir, I request you to consider whether it is not a fatal policy for you, who have been returned by your constituents to this House, to vote for the 1s. 6d. ratio which would cause so much loss to this country. It is not because any of these Honourable Members from Bombay, against whom so much of storm has been kicked up in this country, backed up this particular ratio that I am appealing to you to throw out this 1s. 6d. ratio, but it is because the increased ratio is detrimental to our interests, so long as it is the fate of India to meet annually her foreign obligations by sending so many millions of pounds from here and so long as these obligations can largely be met only from our surplus export proceeds. And if the exports are smothered, and if you sustain losses, wherefrom will you send your monies?

**Nawab Sir Sanibzada Abdul Qaiyum:** Will you like to be dependent for ever on your export income? If that is so, then you will never be self-contained and self-supporting, and we shall always be looking forward to getting more and more money from abroad.

**Mr. T. Prakasam:** I am submitting exactly the same thing. If we can understand each other, we meet at the same point. Now, Sir, by this 1s. 6d. ratio, who are the gentlemen who will be immediately benefited, I would request you to consider? (*An Honourable Member from the Official Benches:* "The labourer.") There is a cry saying that labour will be benefited. Certainly the interests of labour must be looked to by all of us. Labour can live in this world only so long as there is work available for them. If there is no capital, if there is no work, if there are no industries to employ labour, if there is no business, if there is no cultivation, my friend Sir George Paddison cannot give money to the labourers; he cannot find the money to pay them. The labour must have work in the first place. So it is in the interests of labour itself that we should consider this question and adopt the ratio of 1s. 4d. and see that work is not taken away from them. There are boats waiting at Calcutta; there are boats waiting at Coconada; there are boats waiting in several other ports to take away all the labour that has been left on the streets by all these patrons of labour. When there is no employment here the labourers will have simply to get into the boats and cross the sea, get into Burma and then drift into the streets without any work and suffer there. Similarly, our labour is taken to several other places. Therefore, it is in the interests of labour itself that we should see that there is work given to them in this country. If we accept that proposition, then the 1s. 4d. ratio is the only ratio that will be beneficial to this country. If you destroy the work itself, the labour will go out of the country altogether. Now, I want the House to consider who are the persons who would be immediately benefited by this 1s. 6d. ratio? First of all, it will be His Excellency the Viceroy and Governor General who draws a salary of Rs. 20,000. Next to him comes my friend, the Honourable Member in charge of this Bill, who draws over Rs. 6,000; then there is our distinguished friend and Leader of the House, Sir Alexander Muddiman, who also draws over Rs. 6,000 a month. When they send money from here to their country, they will be benefited immediately you pass the 1s. 6d. ratio. Their salaries are fixed here, and all their savings are sent to

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England. For every Rs. 13-5-4 remitted from here they will get one sovereign from our own reserves at the 1s. 6d. ratio. But if the ratio is 1s. 4d. they will have to pay Rs. 15 in order to get one sovereign. Therefore, the House will see that when Rs. 20,000 is sent, there will be a difference of 1/8 per cent. Therefore, it is these highly paid officials who will be benefited by the 1s. 6d. ratio. We can very well understand why they have come almost to death-grips on this question of the higher ratio. That is the real position. In 1886, Sir, there was a communication from the India Government to the Secretary of State for India. This is the substance of that communication:

“Serious inconveniences were suffered by the Financial Department of the Government and by the Anglo-Indian official community owing to the fall in the gold price of the rupee.”

I request the attention of my friend Sir Abdul Qaiyum who has honest difficulty in understanding the position in the country now. Here is a communication from the Indian Government to the Secretary of State for India. It says that “serious inconveniences were suffered by the Financial Department of the Government and by the Anglo-Indian official community owing to the fall in the gold price of the rupee”. It is the Anglo-Indian official that suffers if you accept 1s. 4d. the lower ratio.

1 P.M. That is the reason of this anxiety to thrust it at any cost upon us. Now, Sir, as regards the voting on the last occasion there was a difference of 3 votes. My Honourable friend Mr. Jinnah in his splendid address to the House before first voting referred to the lobbying and to the canvassing that was going on in the lobbies. Just now during the division that was called in this House on clause 4 I was passing along there at that door, and I found an Honourable Member who went to vote on our side standing mute between two sentinels at the threshold; and he did not know whether to go in to vote on our side or proceed back to the other side. Just then I happened to be there and said “Why do you hesitate?” and I was about to touch him with a view to hearten him. At once I was warned by sentinels beforehand that I should not put my hand upon him. I knew the British etiquette. I had been in their country, so I did not lay my hand on him. But I said “Be strong, Don’t be weak! Do not be carried away against your will”. Then he crossed over and voted on our side. So, Sir, when such is the nature of canvassing with three votes to their credit is it up to the Honourable the Finance Member to tell this House to-day that the question has been decided—“Why do you argue again; it must be taken as a settled fact?” Now I appeal to every one of you. I do not say anything about what induced you to take the view you did last time.

**Mr. President:** Order, order. The Honourable Member must address the Chair.

**Mr. T. Prakasam:** I beg your pardon, Sir. I do not mind what happened last time. I would therefore ask you this time to consider the facts which I am placing before you. If the loss was shown to be over 5 crores of rupees if the 1s. 6d. ratio was not accepted, what should be the general loss to the country for now and for the future if the 1s. 4d. ratio is not accepted? What has been the loss sustained already by the country on account of the painful process of deflation resorted to by the Honourable the Finance Member to maintain the artificial ratio, at 1s. 6d. for over 1 year? (The Honourable Sir Basil Blackett: “2 years”) I beg

your pardon, for over 2 years. I have got here a note from the *Times of India*, dated the 25th December 1926. This is what is written in it:

"The total deflation since 1st April is now in the vicinity of 30 crores of rupees."

Within nine months the Honourable the Finance Member had to waste 30 crores of rupees to sustain this artificial ratio of 1s. 6d. at that level. The Government deposits at the Bank have owing to this deflation run down to the very low figure of 3·8 crores. No one contends that the Finance Member has not got the power to resort to deflation. The Government took good care in time to create such power for themselves though wrongfully but it was never intended that such power should be abused. The charge against the Finance Member is that he has been guilty of gross abuse of the power vested in him. It is contended that the silver rupee has no other natural value than that of the silver bullion it contains. Granting it, is it wrong to say when that value of the rupee was maintained so long—from 1899 to 1917—for nearly a period of 18 years at 1s. 4d., is it wrong to say that it has acquired the character of the standard unit of value for measurement of goods in our country? In any case there is more warrant for regarding 1s. 4d., which has held the field for over 19 years, as the natural value of the rupee than 1s. 6d., which was painfully reached in the face of continued and strenuous protest and agitation and which has been maintained for some time by the Honourable Sir Basil Blackett, almost with an obstinacy the like of which you cannot imagine to prevail in any other country? Can 1s. 6d. by any stretch of imagination be regarded as a natural ratio? Do you regard the ratio that has been artificially sustained at the cost of 30 crores in the short space of 9 months, the ratio that has had to be kept up with such a large deflation of currency in a year of good monsoons, and that coming after six successive favourable monsoons and which in its train has reduced Indian industry and agriculture to such straits—do you regard this ratio of 1s. 6d. as a natural *de facto* ratio? Has not England put forth tremendous efforts to go back to her pre-war standard value at 113 grains of fine gold, which has been the established standard of monetary payments in England since Lord Liverpool's Act of 1826? When from 1826 they were having a gold standard and gold currency and an established ratio in England why should they not have introduced the same in India in 1870, in 1893, in 1899, in 1906 and in other years in every one of which they had attempted to introduce some measure or other for amending the existing law particularly, when people have been demanding it? Why should India have been made the victim of the caprice of the bureaucracy? I leave it to you to decide. It was urged that one ratio cannot be more beneficial than another. If one ratio cannot be more advantageous than another, still there is what is known as stabilisation of the currency system. The Currency Commission advised immediate stabilisation. Stabilisation means a stable relation of the local standard of value to gold or international currency. That stable relation from 1899 has been 1s. 4d. or one-fifteenth of 113 fine grains of gold. This was disturbed only during the abnormal and perturbed conditions of the War and the events that were as a consequence forced upon this country, partly by the Babington-Smith Committee and partly by this Assembly when it altered the ratio by passing the Indian Coinage Act XXXVI of 1920. The gravest mistake in passing this amending Act was committed in linking the rupee in 1920 to 2s. gold. The only memory that is now left with us of this unfortunate development is the ruin of many Indian merchants, the loss of several crores of rupees to the Indian tax-payer, and finally

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the desperate abandonment by Government of that ill-fated ratio of 2s. which has been a dead letter on the Statute-book. When that is the fate of that 2s. ratio, the Honourable Sir Basil Blackett gets up to-day believing that we are all so many ignorant children here and says to my Honourable friend Mr. Shanmukham Chetty "If you interrupt this 1s. 6d. ratio there will be the 2s. ratio still remaining on the Statute-book." (*The Honourable Sir Basil Blackett*: "Hear, hear!") The 2s. ratio in the Statute-book, Sir, is a deadweight which you have not been able to move this side or that. (*The Honourable Sir Basil Blackett*: Not necessarily"). I shall tell you the story of the 2s. ratio in the Statute-book. The Government wanted to kill the sovereign before inducing this House to accept it as equivalent to Rs. 10 at 2 shillings. I shall give you just in a minute the history of this.

**Mr. President:** Is there any chance of the Honourable Member finishing before the recess?

**Mr. T. Prakasam:** Sorry, Sir. I will not be more than 10 or 15 minutes. You must bear with me; I must request your patience for a minute. The Babington Smith Committee said in paragraph 79 of their Report,

"The revaluation of the sterling investments in gold reserve at 2 shillings to the rupee will lead to a deficiency amounting to Rs. 38.4 crores in the result."

I submit, Sir, after the 2s. ratio was introduced and after the Rs. 15 rate was reduced to Rs. 10, in the Act, what was valued at the Rs. 15 rate before that had to be revalued at Rs. 10. When it was revalued, the deficiency in revaluation on account of a reduction of Rs. 5 for every Rs. 15 was over 88 crores. If that was the loss on that single item, what must have been the losses sustained by the merchants, agriculturists, traders and all other classes? I leave it to the House to imagine. The Rs. 15 rate was in the Act before 1920. So long as Rs. 15 was in the Statute-book, there was a legal obligation on the part of the Government to accept and maintain that rate. They wanted a way to get out of it. In virtue of the powers vested in the Governor General in Council under section 72 of the Government of India Act, an Ordinance was passed in June 1920. From Simla a notification was issued, called the Gold Ordinance, declaring that gold coin shall cease to be legal tender after three weeks from that date and that those who desire to convert sovereigns into paper currency should present the same at the Government Currency Office within three weeks or 21 days. If they were not presented within 21 days, they would cease to be legal tender. If they were presented within 21 days, they offered to give currency paper in return at Rs. 15 per sovereign. After reducing the sovereign from Rs. 15 to Rs. 10 value, after demonetising it, after killing it, taking the life out of it, and after reducing it to a dead-weight, the Government introduced a Bill in this House to amend the Act by reducing the fifteen rupees rate to ten rupees within three months from the date of the Gold Ordinance, and this House had to pass it into law. The fate of the 2s. ratio thus introduced in the Statute has been already stated and the fate of the 1s. 6d. ratio will be something worse than that if forced into the Statute. I would appeal to all, for Heaven's sake, not to accept the



1s. 6d. ratio. I would appeal to those of you who were not convinced on the last occasion to revise your opinion and support the 1s. 4d. ratio, which is the most beneficial for the country.

**Rai Bahadur Tarit Bhusan Roy** (Bengal Mahajan Sabha: Indian Commerce): Sir, I feel that I shall not be justified in recording my silent vote in a matter of such importance to the country. The question of fixing the ratio at 18d. has been the theme of animated controversy in this House. An intensive propaganda has been carried on throughout India with regard to this matter. There are some who seem to think that having now settled down after passing through a perilous period of uncertainty and instability, it would be injurious to the interests of India to launch into another period of uncertainty now. Do the masses and the capitalists, the investors, merchants and the teeming and toiling tillers of the soil in India stand on a common ground in this matter? Can they look at it from the same angle of vision? That is the plain issue before us. I think and honestly believe that the only answer that can be given to this question is a plain "No".

Sir, I do not stand before you to-day as a party man. I regret, however, that in spite of my best endeavours it has not been possible for me to agree with the view which has been put forward by my esteemed friends on the other side. I do not for one moment doubt the sincerity and honesty of my friends. It may be that I am mistaken in my view, but I believe that the depreciation of the rupee from 8.4751 to 7.5334 grains of gold by reducing its gold value from 18d. to 16d. will be calculated to injure the interests of the suffering millions of this impoverished country,—(*An Honourable Member*: "Question?")—where the average annual income per head ranges between Rs. 20 and Rs. 27 a year and where no less than 40 millions of our people live on one meal a day. Sir, I myself am a business man, but I say this openly and in perfect honesty that in a matter of this kind I should subordinate my own private interests to the higher interests of the poor. It will be cruel if I do not do so. I believe that the reduction of the rate of exchange to 16d. will lead to the immediate rise all round in the prices of the necessities of life to the consumers, namely, the agriculturists, who are credulous and voiceless,—(*An Honourable Member*: "How?")—the middleclass men, the wage-earners all of whom will at once realise and find to their misery and disappointment how the depreciation of the rupee has affected them adversely. Sir, it is known to us with what patience and with what composure our countrymen are enduring in silence the remorseless pinch of high prices. We know, Sir, how painful it was for them to struggle for existence when the prices of necessities of life went up in India during and sometimes after the last great War. (*An Honourable Member*: "Crocodile tears.") It was my painful duty to point out to the Fiscal Commission how the Bombay and Ahmedabad quotations of the 29th July 1921 showed that the average rise in the value of cotton mill shares had been so fabulous as 600 per cent. in Bombay and 850 per cent. in Ahmedabad. Knowing that we have to depend so largely upon imports, is it desirable that we should do anything which would increase the prices of the necessities of life? (*An Honourable Member*: What about exports?) I am coming to that. I think I shall not be wide of the mark if I say that we shall stand to lose several crores of rupees on our present scale of imports. I wish there could be a chance of making Rs. 40 crores

[Rai Bahadur Tarit Bhusan Roy.]

cut of our exports. It is my honest belief that a policy of inflation leading to the raising of the price level may be welcomed by the business man as it would increase his profits. But will the agriculturists who are as much consumers as middle class men and who are already groaning under the weight of all-round high prices like it? I do not believe it. I have always advocated low prices of the necessities of life in India. It is not true that the agriculturists would lose heavily if the exchange is fixed at 18d. I do not think that the agriculturists have any concern with the foreign market. So far as rice or jute is concerned I know it as a fact that the producers, the cultivators, have nothing to do with the ratio. It is obvious that when the purchasing power of the rupee is reduced prices are bound to rise all round. Will this benefit the masses? It will certainly benefit those like us who revel in high prices and high profits. We cannot disguise the fact that the prices of other foodstuffs which are not exportable, for instance, vegetables, fish, etc., will correspondingly increase as a matter of course. This is a stern fact. It has been said with great warmth and vehemence that the agriculturists would be ruined unless the exchange is reduced. The prices of the produce of the land are regulated not by the ratio of exchange, but by the law of demand and supply. That this is so will be abundantly clear from the fact that although the ratio stood at 18d. for the last two years the prices of jute went up to Rs. 30 a maund last year and came down to Rs. 12 a maund this year. Sir Sivaswamy Aiyer is also of opinion that the fixing of the exchange at 18d. would benefit the agriculturist. He has to buy more things than he can produce. It is a fact that out of a total export of Rs. 140 crores worth of jute, rice, tea, ropes, cereals, oils, cakes, goats skins, myrabolams, opium, etc., Bengal is practically free from outside competition for her commodities worth about Rs. 121 crores, and considering that the price of rice is also determined by the internal price, it may be rightly said that she is not affected by the exchange ratio for her exports. I think the advantage which is likely to be gained by the depreciation of the rupee is in respect of about 15 crores of rupees worth of commodities, which would come to something like 2 to 3 crores. Let us now turn to her position regarding imports. Bengal imports about 90 crores worth of merchandise and about 2 crores worth of silver and bullion. Of these goods the cultivators directly consume about 24 crores of rupees worth of goods. Thus the extra cost to the cultivators will be about 3 crores of rupees. As the principal source of wealth of the province is agriculture, the balance of the extra cost for depreciation of the rupee, namely, about 8 crores, will also fall indirectly on the agriculturists. Besides these imports of merchandise Bengal has invisible imports of about 45 crores of rupees, on which also there will be a further loss of 5½ crores of rupees. Thus there would be a sure loss of about 17 crores on the imports against which a possible loss of about 2 crores or a little more on her exports due to the depreciation of the rupee has to be set off. As a matter of fact Bihar and Orissa and Assam stand on the same footing as Bengal. (*Several Honourable Members*: "No, no. Do not speak for Bihar and Orissa.") That is my honest opinion and I have said it. One word more and I have done. I want to make my position clear on the floor of this House. I owe no allegiance to anybody except my conscience in all matters. (Applause.) And I can assure you, Sir, that in exercising my vote I shall do so undaunted by

the frowns and unseduced by the smiles of the official or the other blocks.  
(Applause.)

(Several Honourable Members moved that the question be put.)

(Other Honourable Members stood up to speak.)

**Mr. President:** I see so many Members getting up, I cannot put the question. If Honourable Members desire to continue the debate it must be after the recess.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

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The Assembly re-assembled after Lunch at Half-Past Two of the Clock, Mr. President in the Chair.

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**Pandit Motilal Nehru** (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I had made up my mind to take no part in the debate on this Bill as the views I entertain are not in perfect consonance with either of the two views which have been expressed in this House; and if I rise to speak now, it is because I think we have arrived at a stage where the two opposing views may be reconciled without doing much violence to each other. But before I proceed, I should like to make my position clear. I have been credited in the Press with being an advocate of the 1s. 6d. ratio, and I have been supposed in certain quarters to be just the reverse. Now, Sir, I am free to confess on the floor of this House that neither statement is true. I have considered as carefully as I could the Report of the Currency Commission and the very able speeches that have been made on the floor of this House, but I have invariably risen from a study of both with the one conviction in my mind, that there has been no necessity made out for any legislation on this point. Sir, I have listened with great respect to the 18-penny knight, and I have also listened with great respect to the 16-penny knights: and I must say that there is much in what both of them have said which is entitled to our very careful consideration. But after hearing both, and after listening to the other speakers, I still retain the belief that there is absolutely no necessity for us now to pin ourselves down either to 1s. 4d. or to 1s. 6d. It has been remarked by various speakers in the House that all this is for the transition period, that things are bound to settle themselves after, some say four years, others say seven years, and yet others say a longer time. All the dispute therefore is as to what is to happen during this interim period? Now, we have survived without any fresh legislation the intended effect of the lost piece of legislation on the subject which remained a dead letter, namely, the Act fixing the 2 shilling ratio. We have been used in practice to other ratios than the 2 shilling ratio in spite of that ratio remaining on the Statute-book. And why? Because the circumstances of trade and the course of events in the world which regulate exchange cannot be guided by any legislation on the point. They must be allowed to develop themselves. It is contended by

[Pandit Motilal Nehru.]

the advocates of the 1s. 6d. ratio that prices have adjusted themselves to it. It is, on the contrary, contended by those who favour the 1s. 4d. ratio that there has been no such adjustment. Well, whether you take the first opinion or the second, what is it that reason dictates in the matter? If the prices have adjusted themselves, well, it is an accomplished fact. Let them remain adjusted. Why need we say by a Statute that they have adjusted? If they have not adjusted, let them take their own time to adjust themselves. I read the Report of the Currency Commission from that point of view and I do not find anything in it which makes out a case for the urgency of any legislation on the subject at this juncture. Now, I take the opposition to clause 4 to mean simply this, that the 1s. 4d. ratio having been defeated, it goes and the Bill should be dropped. Now, the question is, are we to sanction the 1s. 6d. ratio by a Statute? I say no such case has been made out for it. If this clause is voted down, the result would be that while everything supposed to have been achieved by the 1s. 6d. ratio will still continue to exist, it will have full scope for the further adjustment that is required. If, on the contrary, the other view is correct, that prices have not and things generally have not adjusted themselves to that ratio, within the next few years we shall see what they adjust themselves to. That being the case, I would appeal to the advocates of the 1s. 6d. ratio to seriously consider the position with which we are now confronted. So far as the fear of 1s. 4d. being made the legal ratio and the authorised ratio is concerned, they have won the day. That has been voted down. Let them take their victory in a true sportsmanlike spirit and rest contented. What do they lose by the other ratio not being given the sanction of the law? They lose nothing if their claim is at all justified that this is the natural or the proper ratio.

Now, Sir, so far as that goes, I do not believe in any ratio being the natural ratio or even a scientific ratio or an honest ratio. We have heard a great deal on the floor of this House about there being a natural ratio, and some experts on both sides have enlightened us with their views on the scientific side of it. Again, Members have vied with each other in protesting that their views are honestly felt and that they obey nothing but their own consciences. Now, Sir, so far as the experts go, I am in the same position as my friend, Mr. Jinnah. Like him, I am neither an expert nor an exporter nor an importer nor an agriculturist, not even a labourer for wages. It may be that I am a labourer but can claim no wages, so I am not concerned with any scale of wages. Now although my friend, Mr. Jinnah and I may not be experts, I think he will agree with me that both he and I know how to deal with experts, and indeed he has cited the very highest authority as to how they should be dealt with. I would ask the House not to be led away by any expert opinion. I would ask the House to depend upon common sense only, and depending upon their common sense I would say, let those who honestly believe in 1s. 6d. being the proper ratio by all means hold to their belief that that is so, and, on the other hand, let those who honestly believe in the 1s. 4d. ratio also adhere to that belief; but let us see what can be done now without doing violence to either view. While on the one hand we have rejected the 1s. 4d. ratio, we have not excluded all possibility of our resorting to it if a strong case is made out for it in the near future. On the other hand we are now discussing the 1s. 6d. ratio. If we do not adopt it we shall similarly not exclude the

possibility or the probability of resorting to it after the atmosphere has cleared up a bit, and after the passions which the controversy has given rise to have subsided. I submit, and I appeal to those friends of mine who are in favour of 1s. 6d. to consider this position from this point of view without in the least altering their opinion upon the merits. As for the one rate or the other being the honest rate or dictated by conscience, all I can say is, Sir, that I should be very sorry to make the long lists of index figures and the like a matter of conscience. They are all unreliable in my opinion. I do not for one moment believe that any Honourable Member in this House has given or would give his vote other than from conviction and I do not share the opinion of those who think otherwise.

**The Honourable Sir Basil Blackett:** Why did the Honourable Member then vote for 1s. 4d.?

**Pandit Motilal Nehru:** I am very thankful to Dr. Moonje for having shown us the way to reply to such a question and I say, I am very glad at the interruption. I was about to say when I was interrupted that while I was not in favour of 1s. 6d. I was not against 1s. 4d. That is how I put it, and the reason is that to my mind the considerations in favour of 1s. 4d. far outweigh the considerations in favour of 1s. 6d., but I take it upon myself to say that neither side can be infallible. After all much has to be left to time and to future developments. It may be that one party may be wrong and the other party may be right. It is much too wide a proposition to assert, and too great a responsibility for anybody to take upon himself that what he is now asserting in this House is God's own truth. It is a matter after all upon which opinions may be divided and as we know are sharply divided; and that being the case the only right thing that the House can do is to wait and see. That is why a certain opinion of mine, which has been very much discussed in the Press and very much misunderstood by the Press and the public, was given. I advised that the Swaraj Party, or rather the Congress Party, should be left free to vote as they liked. It was not because I was not then aware of all the considerations in favour of 1s. 4d., but because I felt that there was that division of opinion, and Members who had thought over the matter and who had come definitely and positively to the opinion that either 1s. 6d. or 1s. 4d. was the proper ratio should not be compelled by a party mandate to vote contrary to their opinion. That was my advice, but I may tell you for your further edification, that even if it had not been made a party question the result would not have been very different because we knew what the general feeling in the Party was.

**Mr. K. Ahmed:** Why did you go to Simla after you had walked out?

**Pandit Motilal Nehru:** Why did I not go to Simla? What has that to do with the question? Well then, as I was saying, there is no question here of honesty. There is no question that the Members who voted against 1s. 4d. are now precluded from voting against 1s. 6d. on grounds of consistency or on grounds of policy. I think the two positions are perfectly reconcilable. A Member may very reasonably and may rightly be against 1s. 4d. and yet he may equally reasonably and rightly be also against stabilising the Rupee at 1s. 6d. even though he may have reasons in favour of 1s. 6d.

[Pandit Motilal Nehru.]

which outweigh any reasons which can be adduced in favour of 1s. 4d.; because, as I have submitted, we are not committing ourselves by throwing out this clause either to the one ratio or the other. We are keeping our hands free. The Government can bring in a measure as soon as they like after this when they are more confident of convincing the House that there is occasion for fixing the ratio at a particular rate. I therefore appeal, Sir, to Members who have voted for 1s. 6d. to consider this aspect of the question and not simply to be guided by the vote that they have already given.

Now a great deal has been said about the canvassing activities of both the parties. I do not mean to contend that canvassing is not perfectly permissible or is not desirable; but there is canvassing and canvassing. There are fair methods of canvassing and unfair methods of canvassing. I have here one instance of canvassing which I should like to bring to the notice of the House. It refers to no less a person than the Assistant Whip of the Congress Party. All of a sudden one fine morning he receives this telegram purporting to come from a relation of his. It comes from Bara Banki addressed to Mr. Rafi Ahmed Kidwai and runs thus: "Wire received. Your father seriously ill am going Lakhimpur. Come first train. Sardar Husain". Well, when the son got this wire his first impulse was naturally to wire direct to Lakhimpur to his father and to ask him how he was doing and this is the reply he got. "Quite well; why telegram?" (Laughter). Now, Sir, I am authorised to state that Mr. Sardar Husain, the gentleman from whom this telegram purported to come to Mr. Rafi Ahmed Kidwai and who certainly is a relation of his, knows nothing about it. Of course it is not easy or possible for me to fix on the sender of the telegram, but the interest in which the telegram was sent speaks for itself, and I hope that any victory gained by such methods will not be looked upon as a thing to be boasted of.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I will not take up much of the time of the House at this stage, but I think it my duty to draw attention to a few points and to join with my friend in making an appeal to both sides of the House on the voting that is to take place shortly. The Government of India desired in 1892 to fix the rupee at 1s. 6d. The Fowler Committee says: "The Government of India proposed in 1892 to close the Indian mints to silver and to pass an Act authorising them to declare gold a legal tender at a rate not exceeding 18d. for the rupee." In 1893 the rate was fixed provisionally at 16d. The Fowler Committee said in 1898:

"The maximum limit of 18d. for the rupee originally suggested by the Government of India was not imposed, and the question of the permanent legal ratio can now be considered in the light of what is expedient in the present day and unfettered by any promises made or conditions imposed in the past."

Now, having considered that proposal of the Government of India of raising the rupee to 18d. made in 1892, and their subsequent proposals, the Fowler Committee still recommended that the rupee should be fixed at 16d. That was the time when 16d. was fixed "as a permanent rate,"

and we know that the rupee stood for twenty years at 16d. After that time there was the Babington-Smith Committee appointed in 1919, and that Committee recommended that the rupee should be fixed at two shillings. Mr. Dadibh Dalal pointed out the evils that were likely to result from fixing the rupee at 2s., and he recommended that it should be fixed at 16d. That advice was not accepted. The Government passed the Act of 1920 by which the rupee was fixed at 2s. Notwithstanding that enactment, however, the rupee refused to go up to 2s. and to stay there. It came down to 16d. in January 1923. And in 1924 the Honourable Sir Purshotamdas Thakurdas sought to bring in a Bill to fix the rupee at 16d. We know that at that time the Honourable the Finance Member did not accept the proposal. Now, Sir, attention has already been drawn to the telegraphic correspondence which passed between the Government and the Secretary of State in that connection. I wish to remind Members of this House of that correspondence because it is of such great importance to remember it. In the telegram from the Viceroy, dated the 8th October, 1924, it was said:

“The general policy which we have tentatively in mind would be:

- (a) to retain as our primary purpose the maintenance of comparatively stable rupee prices,
- (b) to fix in our own mind on 1s. 6d. sterling as the figure at which we desire to stabilise the rupee so long as this primary purpose is not endangered.”

And the Viceroy went on to say:

“But we realise that questions of such fundamental importance should not be decided without a formal inquiry by some kind of Committee.”

Now, I ask the House to note the situation. The Government of India acting in consultation with the Secretary of State proposed in 1892 that the rupee should be raised to 1s. 6d. In 1893 on the Herschell Committee's recommendation it was fixed provisionally at 1s. 4d. The Fowler Committee which was appointed in 1898-99 recommended that it should be fixed at 1s. 4d. as a permanent rate. It was so fixed. The rupee stayed there, i.e., at 1s. 4d., for 20 years. The Government of India were asked in 1924 to stabilise the rupee at 1s. 4d. The Government of India told the Secretary of State that they were not prepared to do that, but that they wanted to stabilise it at 1s. 6d. They said in their cable:

“The general policy which we have tentatively in mind would be to fix in our own mind at 1s. 6d. as the sterling figure at which we desire to stabilise the rupee, but we realise that questions of such fundamental importance should not be decided without a formal inquiry by some kind of Committee.”

We know, that a Commission was then appointed, and we know also that protests were lodged against the composition of that Commission. Now, Sir, the recommendation of that Commission comes before this House, and I ask the House and Members of Government to consider the circumstances in which it is brought up before it. Happily there was on the Commission one Member who wrote a minute of dissent, and we have discussed that minute. The Government now want to legislate on the lines of the recommendations of the Commission.

[Pandit Madan Mohan Malaviya.]

This is the first time that the Government find themselves bound by law to secure to this proposal the stamp of its acceptance by this Assembly. I submit, Sir, this is a very special situation and the Government should fully realise the implications of it. The other day 65 votes were recorded in favour of 1s. 4d. and 68 against it. Now, I entirely agree with my Honourable friend Pandit Motilal Nehru,—I do not wish to impute any motive to any of my friends sitting on the other Benches. I take it they voted accordingly to the best light within them. But I should like both the Government Members and other Honourable Members to consider one point. This is legislation permanently to raise the value of the coin. For such legislation it is not enough that the majority of three should decide which is the right course to adopt. I put it to Honourable Members on the other side whether I am right in my presentation of the case or not. On a matter which affects the currency of the country, on a matter which affects the happiness of the vast millions of the people, legislation should not be passed by the majority of two or three against the 65 votes of Members who have come here, according to the rules laid down by the Government, to represent the people of the various parts of the country. If, Sir, there is any question on which practical unanimity should be sought, this is one and I ask every Member, official and non-official, whether I am wrong in submitting that we should lay down the rule, that the currency of the country should not be tampered with by the snatch vote of three in such a House as this. I do not say that the Government were not entitled to nominate as many Members as they have done. The constitution, as it stands, is a faulty constitution; it is a vicious constitution which allows such a large number of permanent civil servants to sit in this Assembly and to vote. It is also vicious because it gives the power to the Government to nominate

3 P.M. such a large number of Members and even those Members who have been nominated will agree with me that this system places people's elected representatives at a disadvantage, and that it places the nominated Members themselves in an awkward position. It is much to be desired that every one of those Members came by the free suffrages of the people. Lastly, Sir, as the Honourable Pandit Motilal Nehru has already pointed out, we have to remember the manner in which canvassing has been done. That is also a factor which has to be taken into account. I therefore submit that, remembering the importance of the question, that it is a question which affects the happiness of vast millions of the people, the Government should not seek to establish the law on it by the majority of one or two votes. And if my appeal might yet be heard, I would ask the Government to issue instructions that every Member on the Government side, official and nominated, is free to vote according to his own conscience. I am willing, Sir, that the matter should stand at that, for I feel certain that, if Members are left free to vote according to their conscience, they would not vote that the 1s. 6d. rate should be established by law. I hope the voting will show that my appeal has not been in vain.

**The Honourable Sir Basil Blackett:** Sir, I should like to say a word, first, in regard to the canvassing telegram which my Honourable friend, Pandit Motilal Nehru, has read out. That telegram was brought to our attention a day or two ago and I desire to say on behalf of Government.



and on behalf of everybody on this side that we entirely repudiate any kind of connection with it. We do not know anything about where it came from, but we entirely repudiate any connection with it and I am sorry that anybody should have adopted such a method of trying to canvas, which is obviously a thing which we unanimously in this House should object to.

Now I come to the question that is immediately before us. My Honourable friend, Pandit Motilal Nehru, has suggested that, as the House has voted against 1s. 4d., the question really remaining to be decided is whether the time has come to stabilise the exchange at 1s. 6d., or not. Now, I submit that that decision was definitely and unanimously taken by the House when they accepted the motion that the Bill be taken into consideration. The point of principle that arose on the question whether the Bill be taken into consideration or not was: has the time come for stabilisation or not? The House unanimously voted that the time had come for stabilisation when it accepted the motion that the Bill be taken into consideration.

**Pandit Madan Mohan Malaviya:** At any rate, at any figure? Certainly not.

**The Honourable Sir Basil Blackett:** I submitted, when I was moving that the Bill be taken into consideration, that, if you wanted to stabilise, there was only one possible rate at which you could stabilise, namely, 1s. 6d., but, so far as the principle of the Bill was concerned, the simple point was: has the time come for stabilisation? The Currency Commission were unanimous that the time had come nine months ago for stabilisation. The House have voted unanimously that the time has come for stabilisation. The House have also voted that they do not want the ratio at 1s. 4d. Now, there is a difference, I think, between the technical position and the practical position. The technical position is that the two shillings ratio is on the Statute-book. The Government propose to alter it to 1s. 6d. The House has voted that it does not want it fixed below 1s. 6d. If it now votes that it does not want the ratio fixed at 1s. 6d., the technical position, if there is any meaning in the House's votes at all, will be that the House desire to see the exchange stabilised at the statutory ratio. (*Cries of "No, no."*) I say that will be the technical position. I freely admit that it will not be the practical position but technically that will be the position that the House will vote that we should proceed to stabilise the ratio at two shillings. That is a task which I should be sorry to have to undertake myself. Indeed, I should decline it. But I suppose it would theoretically be possible to try and do it by maintaining the lower limit of 1s. 5½d. in accordance with the vote of the House on Tuesday, not allowing exchange to fall, but removing the upper limit and seeing what happens.

I cannot think that the House really wants that and I submit that, for practical purposes what the House discussed on Tuesday was whether or not the ratio should be immediately stabilised at 1s. 4d. or 1s. 6d., and it did for all practical purposes decide that the ratio should be immediately stabilised at 1s. 6d. I can quite understand Honourable Members who voted against that trying to find a means of escape, but that is the practical position, and I submit that if this House is not to make

[Sir Basil Blackett.]

itself—to use an expression which was used this morning—ridiculous—I understand it, is Parliamentary—if the House does not desire to make itself ridiculous, it must accept this clause and pass it. I submit that on this clause at any rate the opportunity does not arise for rejecting the decision to stabilise the rupee. That was raised on the second reading debate and the House decided at that time unanimously in the affirmative, and I cannot see that the fact that the ratio in the Bill has been practically accepted by this House is a reason why we should now turn round and say that the time has not come for stabilisation. Pandit Motilal Nehru says, “Very well, stabilise, but do not do it by Act. Do it by executive action.” He said, “What harm would there be in going on as we have gone on before?” I do not know whether he means to say that if this Bill were not passed, he would regard the Government as fully justified in going on maintaining the stability at 1s. 6d. by the same methods as they have been adopting since last August.

**Pandit Motilal Nehru:** What I meant to say was that the responsibility should be of the Government and not of this House.

**The Honourable Sir Basil Blackett:** That is the usual position of a great many Honourable Members of this House. When they are put up against a responsibility, they say, “For God’s sake, do not make us responsible.”

**Pandit Motilal Nehru:** We are not responsible.

**The Honourable Sir Basil Blackett:** The opportunity has been given to this House to decide a very important issue. It has decided it and it is nonsense for this House to pretend that it can shirk its responsibility by now saying, “Let the Government take the responsibility.” The House has come to a decision and I submit that it is absolutely contrary to the interests of this House that it should now pretend that it is not responsible. It is also, I think, time that we took into consideration the interests of India. This uncertainty which has been hanging over the market ever since, at any rate, the Currency Commission’s Report was published was decided in the view of the market by Tuesday’s vote. It is, I submit, entirely contrary to the interests of the market, to the interests of India and the interests of stability that we should now, having reached this stage, suddenly plunge the whole country back into the threat of instability which would be involved by any action other than the passage of this clause by this House. The suggestion, therefore, that we should now turn round and maintain 1s. 6d. by executive action is, I submit, one which absolutely ignores a very important interest in this matter, namely, the interest of the millions of this country who are interested in stability of exchange. Sir, I do hope that the House will recognise that it cannot run away from its responsibility in the manner suggested by my Honourable friend Pandit Motilal Nehru and that the time has come when we must come to a decision.

**Mr. Arthur Moore (Bengal: European):** I move that the question be now put.

(Several other Honourable Members also moved that the question be put.)

**Mr. President:** The question is that the question be now put.

The motion was adopted.

**Mr. President:** The question is:

“That clause 4, as amended, do stand part of the Bill.”

The Assembly divided:

# AYES—67.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Matin Chaudhury, Maulvi.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
     A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ariff, Mr. Yacoob C.  
 Ashrafuddin Ahmad, Khan Bahadur  
     Nawabzada Sayid.  
 Ayyangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
     Gopalaswami.  
 Bhore, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Chalmers, Mr. T. A.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Crawford, Colonel J. D.  
 Dalal, Sir Bomanji.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Ghazanfar Ali Khan, Raja.  
 Ghulam Kadir Khan Dakhan, Mr.  
     W. M. P.  
 Ghuznavi, Mr. A. H.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.  
 Hezlett, Mr. J.  
 Howell, Mr. E. B.  
 Hussain Shah, Sayyed.  
 Hyder, Dr. L. K.  
 Innes, The Honourable Sir Charles.  
 Ismail Khan, Mr.  
 Jowahir Singh, Sardar Bahadur  
     Sardar.

Kabul Singh Bahadur, Risaldar-Major  
     and Honorary Captain.  
 Keane, Mr. M.  
 Khin Maung, U.  
 Kikabhai Premchand, Mr.  
 Lamb, Mr. W. S.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
     Nath.  
 Mohammad Ismail Khan, Haji  
     Chaudhury.  
 Moore, Mr. Arthur.  
 Muddiman, The Honourable Sir  
     Alexander.  
 Muhammad Nawaz Khan, Lieut.-  
     Sardar.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur M. C.  
 Rajan Bakhsh Shah, Khan Bahadur  
     Makhdum Syed.  
 Rau, Mr. H. Shankar.  
 Roy, Mr. K. C.  
 Roy, Rai Bahadur Tarit Bhusan.  
 Roy, Sir Ganen.  
 Ruthnaswamy, Mr. M.  
 Shah Nawaz, Mian Mohammad.  
 Singh, Rai Bahadur S. N.  
 Singh, Raja Raghunandan Prasad.  
 Suhrawardy, Dr. A.  
 Sykes, Mr. E. F.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Yakub, Maulvi Muhammad.  
 Young, Mr. G. M.  
 Zulfiqar Ali Khan, Nawab Sir.

## NOES—62.

Acharya, Mr. M. K.  
 Aiyangar, Mr. C. Duraiswamy.  
 Aney, Mr. M. S.  
 Ayyangar, Mr. K. V. Rangaswami.  
 Ayyangar, Mr. M. S. Sesha.  
 Bhargava, Pandit Thakur Das.  
 Belvi, Mr. D. V.  
 Birla, Mr. Ghanshyam Das.  
 Chetty, Mr. R. K. Shanmukham.  
 Chunder, Mr. Nirmal Chunder.  
 Das, Mr. B.  
 Das, Pandit Nilakantha.  
 Dutt, Mr. Amar Nath.  
 Dutta, Mr. Srish Chandra.  
 Gavin-Jones, Mr. T.  
 Goswami, Mr. T. C.  
 Gour, Sir Hari Singh.  
 Gulab Singh, Sardar.  
 Haji, Mr. Sarabhai Nemchand.  
 Iyengar, Mr. A. Rangaswami.  
 Iyengar, Mr. S. Srinivasa.  
 Jayakar, Mr. M. R.  
 Jinnah, Mr. M. A.  
 Jogiah, Mr. Varahagiri Venkata.  
 Kartar Singh, Sardar.  
 Kelkar, Mr. N. C.  
 Kidwai, Mr. Rafi Ahmad.  
 Kunzru, Pandit Hirdav Nath.  
 Lahiri Chaudhury, Mr. Dharendra Kanta.  
 Laipat Rai, Lala.  
 Malaviya, Pandit Madan Mohan.  
 Mehta, Mr. Jamnadas M.

The motion was adopted.

Misra, Mr. Dwarka Prasad.  
 Moonje, Dr. B. S.  
 Mukhtar Singh, Mr.  
 Murtuza Saheb Bahadur, Maulvi Sayyid  
 Nayudu, Mr. B. P.  
 Nehru, Pandit Motilal.  
 Neogy, Mr. K. C.  
 Pandya, Mr. Vidya Sagar.  
 Phookun, Sriput Tarun Ram.  
 Prakasam, Mr. T.  
 Purshotamdas Thakurdas, Sir.  
 Rahimtulla, Mr. Fazal Ibrahim.  
 Rananjaya Singh, Kumar.  
 Rang Behari Lal, Lala.  
 Raaga Iyer, Mr. C. S.  
 Roy, Mr. Bhambendra Chandra.  
 Sarda, Rai Sahib Harbilas.  
 Sarfaraz Hussain Khan, Kham Bahadur.  
 Sassoon, Sir Victor.  
 Shafee, Maulvi Muhammad.  
 Shervani, Mr. T. A. K.  
 Singh, Mr. Gaya Prasad.  
 Singh, Mr. Narayan Prasad.  
 Singh, Mr. Ram Narayan.  
 Sinha, Kumar Ganganand.  
 Sinha, Mr. Ambika Prasad.  
 Sinha, Mr. Siddheswar.  
 Tok Kyi, U.  
 Vishindas, Mr. Harchandrai  
 Yusuf Imam, Mr.

**Mr. President:** Order, order. The House will now proceed to consider clause 2 of the Bill. The question is:

"That clause 2 do stand part of the Bill."

With regard to this question, I may point out to the House that there are two amendments which seek to insert clause 2 after clause 1 and to re-number clause 2 and the subsequent clauses accordingly. They are in the name of Mr. N. C. Kelkar and Mr. Vidya Sagar Pandya, and I propose to take both these amendments together, and after discussion to put them to the vote one by one. Mr. Kelkar.

**Mr. N. C. Kelkar:** Sir, I move the amendment that stands in my name:

"That after clause 1 of the Bill the following new clause be inserted and the subsequent clauses be re-numbered accordingly:

- '2. In the Indian Coinage Act, 1906, after section 3 the following new section shall be inserted and the subsequent sections shall be re-numbered accordingly:

*Gold Coinage.*

- '(1) The mint shall coin a gold Mohur containing 123·27447 grains troy of gold 11·12ths fine.
- (2) Any person who tenders at any time to the Governor General in Council, at the Office of the Master of the Mint or at any Government Treasury or the Imperial Bank or any of its branches or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seigniorage to cover minting charges, according to a

scale to be notified in the Government Gazette, shall be entitled to receive gold Mohurs proportionate to the amount of gold tendered, at the rate of  $13.22 \times 8.47512 = 113.0016$  grains of fine gold per Mohur.

- (3) The gold Mohur shall be a full legal tender in payment or on account, provided that the coin (a) has not lost in weight so as to be more than .05 per cent. below the standard weight and has not been defaced.
- (4) In the making of the gold Mohur, a remedy shall be allowed of an amount not exceeding 5,000ths in weight and 2,000ths in fineness.

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf.

Provided also that such date shall not be later than 1st March, 1928."

Sir, I wish to make it clear absolutely in the first place that this amendment is meant, only to bear on the merits of the whole question, and it is not in any sense a dilatory amendment. I do not wish to prolong the debate for one minute more than is absolutely necessary. But one cannot avoid bringing forward such an amendment, especially when one sees that during the last two or three days during which we debated this Bill, not a single point was taken about the real issue which in my opinion dominates the whole situation, namely, that of a gold standard and a gold currency. Of course the ratio was the first point to be taken up, and we have now decided that; but I mean this amendment to be the earliest protest against the other parts of the Report and of the Bill. We all know that the Commission's Report, apart from recommending a ratio of 1s. 6d., harms this country in its currency position in a number of ways. In the first place, it strikes at convertibility of currency notes; then it demonetises gold, the existing gold coin, that is, the sovereign; and thirdly, it strikes at the root of the future hope of gold coinage.

**The Honourable Sir Basil Blackett:** I do not know whether the Honourable Member would excuse me, but would like to point out to him that this Bill does not have any of the consequences that he suggests. This is an entirely interim Bill and all the points he is raising come up on the Gold Standard Bill. In the intention of the Government, there is nothing in this Bill whatsoever to prejudice the later discussion of the whole alternative of the gold currency which he is desiring to move on this Bill.

**Mr. N. C. Kelkar:** I am quite aware, Sir, that we are going to have another Bill dealing with the Bank, and that we may take up these questions along with the Bank Bill. But I really do not know whether we can rely upon anything like that, and we must therefore take the earliest opportunity to put forward the public view on this whole question immediately. Now, the Honourable the Finance Member refers me to the future occasion, but I am not quite sure what position he himself would take when that time arrives. And for this reason. We are told in the Statement of Objects and Reasons that this Bill is intended to carry out the recommendations of the Report of the Currency Commission. Now, the Currency Commission's Report gives this Government two options in dealing with gold, gold exchange or gold. May I ask the Honourable Member why he has dropped that recommendation about giving gold and accepted only the recommendation to give gold exchange? That is obviously a departure from the Currency Commission's Report, and therefore I cannot trust him, if I may say so, to carry out the other recommendations also of the Currency Commission's Report when that other Bill comes up.

**The Honourable Sir Basil Blackett:** The other Bill is there, Sir, and contains the Currency Commission's recommendations.

**Mr. N. C. Kelkar:** I think the Honourable Member at any rate admits that he has made one departure. Whereas two options were given to him, he has chosen to exercise only one option.

**The Honourable Sir Basil Blackett:** Only during the temporary period.

**Mr. N. C. Kelkar:** Never mind; it may be temporary, but he need not have done it. What was to be lost if he had postponed that proposal up to the time of the disposal of the Bank Bill? Why does he anticipate things like that? Where was the need for hurry of that kind? If that other Bill was coming, the whole contents of the Currency Commission's Report should have awaited the coming of that Bill. There was absolutely no hurry, not even including the ratio position. We could have disposed of the Ratio Bill and the other contents of the Commission's Report along with that other Bill. They are "twin Bills" of three, I suppose.

Now, this Bill, for the reason that I have pointed out, does not better the position in any way. It has not acted as a shock absorber. It has provoked a shock in the sense that the Finance Member has made a deliberate departure and given up gold and kept only exchange. Now, we, the unsophisticated Indian minds, had large expectations, that as a Commission was appointed with very large terms of reference, the whole position was to be examined and investigated into. The whole world was taking to gold standard, and we naturally expected that as India was legitimately entitled to a lot of gold—and it was alleged that it had already a lot of gold in the country—we should be also led along the proper path immediately to the stabilisation of the rupee in relation to gold, in other words, that we should have a true, honest gold standard and gold currency. I am expressing the sentiments of the public so far as I can judge them when I use the words "legitimate expectation of the Indian people." The Honourable Member will realise the truth of what I say if he refers to the evidence that was laid before the Commission, and the evidence will bear out my statement that the Indian public did expect that we should be immediately led to a gold standard and gold currency. Far from doing so, the Honourable the Finance Member now actually proposes to demonetise the gold coin. I really wonder what harm this innocent gold coin was doing to him. I have read the reasons which have been adduced for demonetisation, but I am not satisfied with those reasons. If the ratio was to be changed, the new coin would have remained current at that new ratio. He therefore should have simply put in a clause in this Bill making the sovereign current not at the rate of Rs. 10 but at the ratio which he proposed as the exchange ratio. Therefore I call this unnecessary, if not indecent, hurry to demonetise the only gold coin that was current in the country.

My amendment and the other amendments bearing on this question, I take it, are intended to lay before this House the whole scheme that we have in our mind, i.e., the popular side has in its mind, with regard to the gold coin and currency. First of all, therefore, I will just give a brief explanation and justification of the amendment I am moving. As you will see Sir, the amendment though it is a long amendment, proposes, in brief, to introduce a gold coin called the Mohur which should be minted in Bombay, have a certain weight, a certain fineness of metal, and be legal tender. The gold Mohur is a coin with which India was not unfamiliar. If you refer to the economic history of India you will find

that gold Mohurs have existed from time immemorial, and we know of the gold Mohur at least from the time of Akbar. India was therefore familiar with gold Mohurs, coins of this denomination and character, over two or three hundred years, if not more. India has been described in books of exploring travellers as the land of gold, "land in which there was smoke of gold." I do not know really whether there was any smoke of gold, but I think the description to mean that gold coin was current in India, and the principal thing that attracted the attention of foreigners in India was the gold coin. That is the tradition, the heredity of practice and psychology of the Indian people in this matter of coinage.

Then the next thing I may point out in regard to this Mohur is that in order to avoid all sorts of complications I have endeavoured to fix up the conditions of this Mohur on a par with the sovereign. Personally I would have liked to have had the sovereign itself minted in India. There are a number of opinions about this, whether the Mohur alone should be minted or the sovereign should be minted. Personally I would have had a coin which would be current practically in England and in India. In the Colonies we know for instance that they have their own mint which is a branch of the Royal Mint in England, and sovereigns are coined there. I do not see why India should not have a mint of its own and coin sovereigns which would be current. But I know from official papers that the Home Government has always been making trouble about this. Here again we see preferential treatment. The Colonies are allowed to have branches of the Royal Mint. India is obstructed in the possession of a branch of the Royal Mint, and in order that the same complication may not arise, and in order that it may not be said that this provision is useless because the Home Government are not going to allow a branch of the Royal Mint to be opened in India, I have made this provision. In order to avoid all complications, I have made the provision that, whereas the Mohur should not be exactly the sovereign, it should be something just like a sovereign. Therefore I have provided that it should have the same fineness, the same weight, etc., that it should not be a counterfeit of the sovereign but it certainly should become a counterpart of the sovereign, so that if people take the two coins in their hands they may see, that here in India is a current coin on the same level as the sovereign. And why not the sovereign itself? Simply because the Royal Mint in England is jealous of India, and the people of England are jealous of India and do not want India to handle a gold coin. I want to make that out, and in order to make that out, I have followed the conditions exactly as they appertain to the sovereign. And when is this to be brought into practice? I know that in 1918 Government passed an emergency measure and they did actually coin lakhs and lakhs of gold coins at the Bombay Mint. It cannot therefore be said that India does not possess the necessary equipment for gold coinage. In fact in 1918 the Bombay Mint coined, I read in the *Times of India*, about 86 lakhs of gold coins. From that I presume the Bombay Mint is sufficiently well equipped, if we simply decide now to go on minting a gold coin at the Bombay Mint. I read the other day a report of the Master of the Mint. I see there is a full establishment there at present. Silver coinage is stopped; not one rupee was coined last year in this mint, not one gold coin was minted at this mint last year, and what are they minting there? Two-anna pieces and four-anna pieces, that is all, and striking some medals, etc. I really wanted to inquire of the Finance Member, by putting a question and asking what this big establishment was doing in the mint, if it was not to coin rupees, or if it

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is not to coin gold mohurs. Was this establishment there only for striking medals and rendering service to outsiders? What is the mint intended for? That is a point of curiosity, and some day I suppose it will be satisfied. In the meanwhile I only assert that this Bombay Mint has all the equipment that is necessary, and the dies and punches which were used in 1918 must also be there; the whole establishment is there, the building is there; absolutely nothing is required, only the permission of Government to allow gold to be minted. Then comes the question of the material of which the Mohur is to be minted.

[At this point Mr. President vacated the Chair, which was occupied by Mr. K. C. Neogy, one of the Panel of Chairmen.]

With regard to this, the argument is that if we at once begin to impose an obligation on Government to mint an Indian gold coin and take away the character of legal tender from rupees, then naturally all the rupees will go to the mint in course of time and Government will be called upon to provide themselves with large stocks and supplies of gold, and this would be impossible. Taking that difficulty into account and proceeding on the lines of least resistance and in order to avoid all complications, and in fact wanting to probe the *bond fides* of this Government to its fullest depths, I have laid down this, that the gold coin should be given in exchange for fine gold which a man takes to the mint. So there would be no difficulty for the Government about gold supplies and gold stocks. A man takes his own gold to the mint, and then again I have provided that he pays his own seigniorage which Government should not demand. After all seigniorage is a small trifle. In other countries seigniorage is not charged; in most countries it is not charged; it is considered derogatory to the mint to ask for the expenses of coining. But in order that it may not be said that my amendment is out of order because it lays a certain charge on the Government to the extent of the minting charges, therefore I have avoided that also. So I offer my own gold and I offer my own expenses of seigniorage, and in return I want a gold coin stamped with the Government stamp. That is the utmost that I ask. Now in this what is there that Government should resist unless they are actuated by a desire to demonetise all gold coins, the reason for which really I cannot understand?

Now, what will be the advantages of this coin of mine? I will place these advantages *seriatim* before the House. The proposal can be carried out almost immediately; yet I have added a proviso so that it cannot be said that Government has been hurried in this matter—I give one full year to Government. I have provided this of course in case it cannot be done immediately. It can be done only by a notification of the Governor General in Council and I give one full year, so that that notification may be delayed till March next year. I think one full year is absolutely sufficient time for the Government to begin minting if they really want to begin minting at all. The mint has got the equipment to coin, as I have already said, and can be fitted to do so again within a short space of time. The Mint Master's report shows that the mint has an enormous capacity for minting gold coins; and my proposal, if accepted, would not cause any difficulty in carrying it out. The proposal does not depend on the permission of the Royal Mint, because the coin I propose is not like the sovereign in shape or form. The gold Mohur will be a counterpart of the sovereign, and yet it will be so like the



sovereign that it will be treated with the same consideration as the sovereign for internal use. The gold coin will familiarise people with the use of gold coins if they are not already trained to them. The actual use of gold coins at least for some time is the only way to get over the habit of that use, because familiarity with gold coins will increase the confidence of the people in the country's currency system. As a matter of fact, the Indian people do not want any training in gold coins because India possessed gold coins for ages past. The proposed gold coin does not upset the Government scheme in the least degree or manner. It does not interfere with the building up of a gold reserve if Government want to build up one; and the minting of gold coins from bullion does not drive the Government to borrow for currency purposes. It will cost nothing to the Government because, according to the proposal itself, seigniorage will be paid. Of course Government should not, in this country, as in other countries, charge seigniorage because after all minting expenses are negligible. Government may charge seigniorage in the beginning but gradually dispense with it. Action in this matter is left to the Executive and not proposed to be taken by law. Minting facilities will induce the hoarded gold of India to come out and circulate. Gold coins are always likely to circulate more than chips or odds and ends of gold pieces. In the proposed coin people will have a full value and full-bodied coin in hand. The gold reserve will be a bulwark of strength to Government; and gold coins in the hands of the people will be a welcome provision for them against a rainy day and days of panic. The use of gold coins will help the progress of the banking habit better than currency notes. The prevalence of gold coins in the country will at least put to the test and verify the doubt whether people really do want a gold coin or not; because it is sometimes said people do not want a gold coin and it is bad policy to thrust it on them. If the Mohur is introduced an experiment will be made: if people themselves come to the mint with gold and ask for gold coins, then that will be a fair experiment to see whether people want or do not want gold coins. The use of gold coins will better help the progress of banking habits than currency notes or rupees. If there must be some people who cannot get over the habit of hoarding it will after all make no difference to Government whether they hoard gold bullion or gold coins minted for them at their expense. A gold coin may be a fetish in the eyes of advanced societies, but it certainly does the trick of inspiring confidence and it will do so in India under the present conditions, namely, in the atmosphere of suspicion about the currency policy of the Government. The new coin does not come in the way of rupees being as before unlimited legal tender; the two will be unlimited parallel legal tenders during the period; the people will get familiar with the gold coin and acquire greater confidence in the currency system. Government could go on feeling their way in the meanwhile in the first stage of their journey to the ideal of the gold standard. My Honourable friend recommends that gold certificates should be paid in gold at the date of maturity of the note; but if gold bullion is given instead of gold coin, it is always troublesome and difficult for private people to sell their gold for making payment in bazaar transactions. The coin can pass from hand to hand and not so bullion, because there is no guarantee about its fineness and its weight. The gold Mohur will necessarily be a better substitute for the present rupee or gold bullion or currency notes whether looked at as a medium or measure or standard or store.

These in brief are the advantages which I think will result necessarily from the adoption of the amendment I am proposing, namely, the minting

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of gold Mohurs in the Government mint; and after stating these advantages I will enter upon a discussion of the general reasons which led me to propose this course. Now, in this matter I must proceed with diffidence and hesitation because I am an ignorant layman and nobody in this House wishes to pit his knowledge of these matters against the great knowledge of the great expert who is the present Finance Member. But I got some consolation in my desire to criticise him from a pamphlet which I read the other day and in which I found Mr. Churchill and his advisers criticised by Professor Keynes. This is the direct language used by him about Mr. Churchill:

"Why did he do such a silly thing?"

That is the language used about the Chancellor of the Exchequer.

"Partly because he has no instinctive judgment to prevent him from making mistakes, partly because lacking this instinctive judgment, he was deafened by the clamorous voices of conventional finance, and most of all because he was gravely misled by his experts."

Now, that brings me on to the recent experience we have gained about experts in Bombay. I am speaking of course of the Back Bay experts, and I think that if the experts who advised the Bombay Back Bay scheme which so egregiously failed, had any sense of self-respect, they would wish themselves to be buried at the bottom of the sea which they wanted to reclaim. Now, what were the motives of the Honourable the Finance Member in appointing this Commission? It is now common knowledge that Government had already made up their mind between the Home Government and themselves to have the ratio fixed at 1s. 6d. Then where was the necessity for appointing this Commission? By an executive order you could have fixed the ratio at 1s. 6d., and there would have been no necessity of a Royal Commission. It appears, however, that experts sometimes regard themselves as fallible. Experts are not infallible, that is of course our contention. But it is some consolation to find that sometimes experts themselves pretend not to be infallible and therefore express their anxiety to appoint Commissions and Committees just to take advice and follow their instructions as far as possible. In this particular instance, however, I must say this, that I do not see any vestige of real modesty on the part of the Finance Member in appointing this Commission. Why I say that, is this. When I see sometimes in the street a healthy, able-bodied beggar with crutches under his arms, I ask myself why has this healthy and stout man crutches under his arms, and whether he really wants any support for walking? Certainly not; but then I feel that he wants to beat somebody with them. That is my explanation for the appointment of this Commission. I do not honestly think that the Finance Member really wanted to seek guidance from the report of this Commission, nor did he honestly think that these people were wiser than himself. Certainly at any rate the Indian section did not think so. Then why did he appoint this Commission and why did he appoint Indian Members? Perhaps as crutches to beat his opponents with, and not as support to himself? But after all these crutches are rickety; they are very weak, and if the Finance Member indulged in the hope that he would be able to beat us with those sticks, I may assure him that it was a forlorn hope. (*An Honourable Member*: "He has beaten us.") (*Another Honourable Member*: "Time, time.".) I am going to take a full hour, mind

you. Don't say time. I say this seriously, because I treat this question as the most important topic in the whole Bill. The ratio of course had its own importance, but throughout the discussion, the House will remember that this topic was not touched upon at all. It remained untreated in the aggregate, and therefore I am taking this early opportunity to deal with the whole question in such manner as I like, and I hope, (though of course there is no time limit), that the Chair will show me sympathy in this matter and that the House will also show me its indulgence. If I say one irrelevant word, of course the Chair can rule me out, but I am confident that throughout this debate, I shall not say one single word which will be irrelevant or irreverent. As I said, the Finance Member himself is a great expert, but we know that experts are also at times tyrants, especially when they happen to be official experts, and it becomes therefore necessary to temper their expert tyranny with the grace and mercy of common sense, and I think I stand here as a man representing the man in the street and giving to him what I think to be the popular opinion on the question as against the expert. My opinion may have no use, but I contend, Sir, that these currency matters are after all not a mere matter of expert knowledge. And I may remind the Finance Member himself of what he said in his evidence and elsewhere, that it is a matter of psychology, and psychology of course is not expert knowledge. Psychology and expert knowledge are two different things, and I am glad that he recognises that in questions like this there is such a thing as psychology. Now, when I speak of psychology, there can be two psychologies, the psychology of the Indian people and the psychology of the British people, and we have got to look at the question from both points of view. But one thing I am going to do in this debate, and that deliberately. I shall not cite on the floor of this House a single Indian witness in my favour; I am not going to rely upon Indian sentiment or Indian opinion, and I will try to build my case, if I can build it, exclusively by referring to the opinions of English, non-Indian experts and witnesses and official documents, and papers bearing on official transactions. Taking the evidence laid before this Commission, I have analysed it, and what do I find? I find that, whereas 93 witnesses were for gold currency, only 8 were against gold currency. In making my analysis, I used the printed material which is printed as an Appendix to this Commission's Report, and I am much obliged to the courtesy of the Finance Member who at my request gave me for perusal the unprinted evidence. That also I have used, and so taking the printed as well as the unprinted evidence together I have arrived at the conclusion that out of the total number of witnesses, 93 were for and only 8 were against the gold currency. Then again, Sir, I must refer to the lost representations. There was some question about some representations after the Commission's Report which were sent to the Finance Member being lost—I was not present then—but I gather this that the Finance Member said in reply that he treated all those representations as private communications and therefore did not care to keep them, and could not present them before this House. I suppose that is his explanation. But I refer to this question of lost representations for this reason. My inference is that if those representations were also analysed, they would have given further strength to the testimony which I am going to lay before this House. Now, the usual objection against Indian opinion is this. It is said that Indians are unpractical people and when an Indian professor speaks in our favour, he is treated as a mere theorist. But I have been able to get at least one opinion expressed about this Commission

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which is a crushing reply to this. You may treat our Indian professors as mere theorists who do not know anything about this question. But I have read that when the Report of this Commission came for discussion before the Royal Society of Arts, then Sir Charles Addis gave it as his opinion in the first meeting that he could not get away from the impression that the whole report was merely theoretical. Now, Sir, if our professors are to be disregarded simply because they are theorists, then here is a great expert, Sir Addis, who condemns practically the whole Report of the Commission as a purely theoretical report. I go further and say this. I am prepared to have a game of forfeits with the Finance Member if he will sit down and play the game with me in the Indian fashion. He may put forward one authority; I will put forward another authority. If he may put forward a theorist, I will meet him by putting forward a theorist; he may put forward a professor, I will also put forward a professor; he may put forward a banker, and I will also put forward a banker. In that way the game should proceed, and if I can cite a larger number of witnesses, then he should acknowledge that what I am saying has sufficient justification behind it. Of course, I do not think that the Finance Member will be ready to play that game with me. But in order to strengthen my case, as I have already said, I am not going to rely upon the testimony of Indian witnesses at all in this matter, because, according to the Finance Member, they are all ignorant people and do not know anything about these matters. I really do not see why he should make that sort of pre-~~sumption~~ assumption, because among these 93 witnesses, there are professors, bankers, tradesmen, and merchants, who are all men of affairs. So why should it be assumed that all these people do not know anything and the Finance Member alone and the three Indian Members on the Commission, his supporters, know everything about currency matters? To illustrate what I say, I will quote the opinions of two English professors, two great professors, who may well be described as rivals even of Keynes if necessary.

4 P.M. First I will quote the testimony of Professor Gregory and Professor Cannan. I am referring to Professor Gregory only in so far as he allows this question to be decided ultimately strictly with reference to Indian sentiment. He says that if India wants it, she must have it. But the testimony of Professor Cannan goes much further. About Professor Cannan I may say this, that he is Professor of Economics in the London University—I think he is a Professor in the London University—and his testimony must carry great weight. This is what he says:

"Opinion in India cannot be disregarded. So far as I can judge, the opinion of those who take any interest in the subject in India is overwhelmingly in favour of a gold-currency standard."

He does not mean only Indians but all those who take an interest in Indian affairs. These, he says, are in favour of a gold currency:

"Probably this is very largely a matter of national sentiment, the feeling being that Western nations adopted gold currencies in their own interests, and that India is prevented from following their example by the influence of London financial circles upon the British Government. To argue that India is too poor and backward to make good use of gold is very naturally regarded as adding insult to injury. It is extremely desirable in the general interests of India that a grievance of this kind should be removed at the earliest possible date, even if its removal costs an appreciable amount of money."

And then, what he says further on is perhaps even more interesting, because he practically rationalises his proposal that India should have a

gold currency and he in a way answers the objection that there are insuperable difficulties in the way on account of the scarcity of gold supply. This is what he says:

"The interest of Great Britain and the West generally is that India should be prosperous and well satisfied, and to secure this Great Britain might well be contented to incur some inconvenience, especially when the inconvenience would not be peculiar to herself, but would be shared by most of the Western countries. But it seems more likely that the gold-standard countries would be benefited than that they would be inconvenienced by the introduction of a gold-currency system in India. The production of gold is likely to remain high for a considerable period yet."

These are his arguments for supposing that this gold supply is not a difficulty in the way:

The European and American demand for additional gold currency is not likely to be as great as before the war, since people who have once become accustomed to paper currency do not wish to return to gold coins; and the superstition that immense cellars full of eternally idle gold are necessary to "back" or "support" the value of paper currencies is, like other superstitions, losing strength. Consequently, if the East takes no more gold than before, there is great danger of a further depreciation of gold, and, which of course is the same thing, a further rise of prices in the gold-standard countries. It is true that rise of prices makes things temporarily easy for the business man who lives by profits, but all experience goes to show that it tends towards general unrest and the spread of revolutionary and destructive ideas, that it ruins government finance, and should be avoided like poison by every wise statesman."

This means that the difficulty about the supply of gold for coinage in India is not a real difficulty. These Western countries have gold more than they really want for their purposes, and a time may come when they will begin to feel the necessity of relieving themselves of this gold. The possession of gold is not an unmixed blessing. We know that during the War Sweden and Norway did not allow gold to touch their shores. They put an embargo upon gold, because, the possession of gold would have been embarrassing to them. Similarly, also America possesses quite a large amount of gold, and the question is whether America will like eternally to keep that gold to herself and may not wish that some of her gold may be taken away by other people. Therefore, if as a matter of coincidence it happens, and it is also likely to happen, that America may wish to rid herself of her gold and India may wish to take that gold for gold currency, the convenience of both the parties will be at once met.

Sir, the battle of the ratio has been lost on the floor of this House. (*An Honourable Member*: "Temporarily.")—temporarily, but I assure this House that the real currency war in India has begun. I tell the Honourable the Finance Member, I give him a distinct warning that the ratio battle may have been lost, but the real currency war has begun this day. But what I am doing, however, is only fighting a sort of skirmish, a small rearguard action to save the gold coinage, and I hope that my Honourable friend, Sir Purshotamdas Thakurdas, after he has taken breath after this valiant fight, will come to my rescue and support this gold coinage. Personally, however, I take this defeat on the ratio question in a philosophical way—(*An Honourable Member*: "Decision.") I take this decision in a philosophical way, for I have an inward scepticism as to the permanent success of this decision. During the War we know that European nations and Western nations generally used some very crude methods of stabilising the ratio. But the ratio is such an obstinate mule that it will never stabilise itself, that it will never allow itself to be stabilised. And here I will read just a few lines from another professor,

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an eminent professor who was specially called from America to lecture in England. He says:

"Regulation of exchanges, then, if the principles enunciated in the present chapter are sound, can best be achieved by establishing conditions under which exchanges will be self-regulating in accordance with the principle which was expressed by the former Russian Minister of Finance—M. Witte. He is reported to have said: 'A regulation of exchanges is not something which is established; it establishes itself; otherwise it is incapable of establishment.' The rendering of the foreign phrase is by no means satisfactory, but it may serve. One might render it more freely perhaps by saying that what he intended to imply was that statesmen do not control exchanges—they are concerned with establishing conditions under which exchanges can control themselves."

Now, when I said that Western nations adopted crude methods of stabilising exchange, I may just mention these. For instance, they put a restraint upon the movement of exchanges. They tried to centralise foreign exchange businesses in the hands of certain institutions specially named for the purpose. Then they put restraints upon speculation in the country. A similar restraint was also put upon the publication of the current rates of exchange. They also visited with punishment, as in Italy, any person who dared to ignore the decree according to which an official exchange rate was announced, and anybody who deviated from that exchange ratio and did any transaction was to be punished. These are instances of the crude methods adopted by them. But what happens in India is this. Not any one of these crude methods are followed, but we know that Government have in their hands a number of other methods by which they have tried to stabilise and if left to themselves they will try to stabilise this exchange. They are in possession of Council Bills which they may use to any large extent. They have the power to issue Reverse Councils. Then they can inflate or deflate according to their convenience and will. They can also try to control prices and there is the statutory fixation of the ratio. Now the question really is whether Government are going to succeed in stabilising the ratio by these methods. In my opinion that ratio will not be stabilised. I partly agree with my friend Pandit Motilal Nehru when he said that after all there was such a thing as a natural ratio, and paradoxical as it may seem, a natural ratio is a fluctuating ratio and not a fixed ratio; for after all it must be the exact equation between the value of the national currency and the value of the international standard. Whenever these two meet then of course the exchange is stabilised. Now there are two parties to this exchange, those who benefit and those who lose by exchange operations. So far as Government are concerned, I have already said that they possess these various powers which they can use according to their own sweet will and pleasure. They remind me of the magic mushroom in Alice in Wonderland. If you eat one end you get so short that your chin nearly touches your feet, and if you eat the other end you become as tall as an American skyscraper. The Government use these methods like this magic mushroom; they can wield all these powers and inflate or deflate at will. But what have the poor people got in their hands to control these exchange operations in their own way? It has been established by a consensus of learned men in these matters that a gold currency is the one thing which in the hands of the people affords them a ready means of affecting the exchange to a certain extent. In regard to this I will just quote one authority, Mr. Webb, who gave evidence before the Currency Commission. He is asked:

"Taking the first point, I do not quite follow your meaning when you say that it would facilitate the automatic regulation of exchange"

—namely, keeping gold currency in the hands of the people—

“ In what way would it do that? ”

The answer is :

“ It would enable the public at all times to present gold for conversion into sovereigns whenever they required them, and would therefore give them other means of putting themselves in funds in cash than at present exist.”

So the possession of gold currency is a means by which the people can affect the situation brought about by the whims of currency. For here they have coins in their hands which they can use and thus affect the currency position. I have just said that I would not quote any Indian authority, but I will make an exception here and quote the authority of Sir Bhupendra Nath Mitra, for I want the House to know what he himself has said before that Commission. Mr. Bhupendra Nath Mitra—I think it was the same gentleman—said in the course of his examination by the Chairman of the Commission :

“ I think myself that we ought to have a gold mint. The main reason is . . . ”

—and this is my point; he has given a reason—

“ The main reason is that we ought to have some mints coining a gold coin in India. It would help us in the maintenance of a gold exchange standard to have a larger circulation of gold in India. Though it is true that we get our requirements by the import of sovereigns into the country, a gold mint in India would indicate to the public at large that Government . . . ”

This is a means by which people can be made self-reliant in regard to exchange matters. As I have said, this currency business is not a mere matter of expert knowledge; it is a matter of psychology, and the Finance Member has himself admitted that it is greatly a matter of psychology. What the psychology of the Finance Member is we all know. He wants India to go away as far as possible from a gold currency; but against that view I can quote the names of a number of people who have supported the proposal of a gold currency in India, who consider that it is a matter entirely for the sentiment, the psychology, of the people, and that if they really want it, they should be given it; and in this connection, for this purpose only, I may give a reference to the Fowler Commission, the Babington-Smith Committee, Mr. Strong and Mr. Keynes himself holding that view of the importance of Indian sentiment—Mr. Gubbay, Mr. Norman, Mr. Hamilton, Mr. Grantham, Colonel Willis, Mr. Denning and Mr. Kisch.

**The Honourable Sir Basil Blackett:** Will the Honourable Member tell me where he can quote me as saying that India should go as far away as possible from a gold currency?

**Mr. N. C. Kelkar:** The Bill of the Honourable Member shows that. The Commission wants gold coin to be sold, but he prevents us from getting gold because with that gold we may put forward a further proposal that we may have gold coin. Now I do not propose to read much of his evidence; that would be very useful though; I may however just read a few sentences from his evidence:

“ Q. Do you therefore think that it will be a fair conclusion to make that, if gold was fairly easily available at the various Government treasuries, people may have hoarded less gold? ”

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A. I think I have answered that really already in my broad statement that I am personally convinced that the easy availability of gold and the convertibility of the rupee into gold will after a certain interval have a very strong effect in reducing the tendency to hoard."

(The Honourable Sir Basil Blackett: "Hear, hear".)

"Q. I was trying to get at what is called the appetite of the people, of the masses, for hoarding gold as they get some surplus. I want to know whether in order to remedy that so-called tendency of the Indian people, the introduction of a gold currency would not directly show to the people that they can really get gold whenever they want and therefore they need not hoard it.

A. Yes. I think it might be theoretically possible to educate the people of India as to make them realize that their rupee note under the sterling exchange standard was so absolutely convertible for practical purposes into gold, that their fears and attempts to hoard anything might disappear. I do believe that after a short time when the Indian people had discovered that they could get gold for currency without limit, there would be a considerable tendency, instead of hoarding, to invest."

(The Honourable Sir Basil Blackett: "Hear, hear".)

"I would like, however, in this connection to refer to one point that appears in his evidence somewhere. He has stated his opinion that India should be given a gold coin if she wants to play with it. If she wants to play with it, she may have that gold coin. In this connection I would say two things. If he considers the Indian people as grown-up people able to think soundly for themselves, then he should have some regard for their judgment and opinion. If, on the other hand, he really takes the Indian people to be children, may I not ask that he should at least show affectionate indulgence for the Indian people and give them a gold coin.

The Honourable Sir Basil Blackett: The Honourable Member, I think, is entirely misquoting me, but I will answer later.

Mr. N. C. Kelkar: Whether we are treated as grown up men or children, I think we are entitled to have a gold currency and immediate proposals for gold currency at the hands of the Finance Member.

Sir Darcy Lindsay (Bengal: European): May I point out to the Honourable Member that the time limit he fixed for himself, one hour, has been exceeded.

Mr. N. C. Kelkar: I never promised that I would finish within that time. The House knows that I am not a great speaker. I never take the time of the House, but in this matter I am determined that I shall use to the fullest limit the privilege of no time limit and put the whole case before this House. If anybody does not wish to hear me, he had better go out. The Chair is good enough company for me in this matter. I want the whole view brought on record, whether I am listened to or not, because after all record will be the chief thing. Well, what is at the back of the psychology of the Indian people? I have said this, that Indian people are really anxious to have a gold currency, and what is the reason therefor? The reason in the first place is this, that people have lost faith in the present currency policy. They think that the Indian currency policy is neither fool-proof, much less villain-proof. I do say that in the opinion of the Indian people the official currency policy is neither fool-proof, much less villain-proof. The present Finance Member may be a very great expert, but in his predecessor we had a man who committed Himalayan blunders and mistakes. What guarantee is there that he will



not be succeeded by a man who will commit similar blunders and mistakes? Therefore, it is the privilege of India to ask that she should have something in her own hand which will enable her to regulate exchange and to get relief from currency muddles. Indian people have not much faith in the currency note. Of course that is quite fair. The currency note does not make any pretensions but says "I am a mere paper currency note; you may keep your trust in me or you may not, as you like." Then what about the rupee? Even the rupee is a debased coin and in that connection I will read to the House just a small paragraph, which will, I think, interest the House. I am referring to Professor Robertson's book on money. It is an imaginary conversation about a Bradbury note and the Indian rupee. The Bradbury note, after he has been rebuked for not being very useful and so on, says:

"And let me tell you this, it's not only we paper standard pieces of whom that's true. There is my friend the rupee, who is the standard coin of India: he looks very smart and solid, and takes a lot of people in; but if you took his lettering off him, his carcass would come tumbling down in value. For it isn't his flesh that gives him the value he has got, it is the writing on him."

That I suppose will give the right reason why even the Indian rupee is distrusted. These two are the factors in our currency system, the paper currency and the rupee; and both are distrusted because they have absolutely no international value. It is said, why should India hanker so much for this convertibility of the paper currency into this silver rupee and of the silver rupee into gold. Why are people hankering for this convertibility. About that I would just read two sentences from Professor Robertson, and these references I make because the House will find that these ideas are very happily and pithily put. He says:

"Nowadays it seems to be generally agreed that even if the Bradbury note became freely and indubitably convertible, there would be no frantic rush to convert it for the purpose of making ordinary payments within the country. The mere assurance of convertibility, it is thought, would have the same kind of soothing effect as church bells in the distance, and be equally unprovocative of action."

The point is that if you give gold currency to the people, still it is not impossible that the people should be taught to use gold economically and ultimately to resort to the system of paper currency and to the system of doing financial transactions by cheques. But that India can learn in course of time. The only issue between the Finance Member and ourselves on this side of the House is this. It is a good ideal to economise gold, but, can you really achieve that ideal fully without putting India's people through the regular paces for acquiring that habit in the course of time? Your Bank Act was passed in 1925. It means only two years ago, and what were you like before? I would just like to tell the House that this accusation against India of the habit of hoarding gold and wishing to possess gold is absolutely useless. India has been accused by many of an inordinate and unreasonable love of gold. In this matter, I may join issue at once. India is ridiculed for using gold in medicines. I wonder whether the people in England think India's people eat gold actually. But I can say this that far more gold is used for dental surgery and other purposes in England than we use here for medicines. Of that I am certain. I adopt the very familiar *tu quoque* argument and ask whether England and other European countries have themselves yet completely shed their own love of gold? Gold is still the ruling monarch of metals. It is not India alone that has fallen under its sway, for the simple reason that gold means and

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spells power, and in this respect let us not have short memories. It is certainly not a far off cry to the pre-war period, and what is it that we find about England and European countries before the War? The War has no doubt changed the outlook of some of those countries, and on the principle of once bit twice shy, some of them have been energetically endeavouring to eliminate gold from common currency. That does not mean, however, that they have permanently given up their love of gold. The latest mania is perhaps that of accumulation of gold in the bank reserves, and I can fancy that the world financiers are looking forward to the time when all the gold in the world would be concentrated in New York, London and perhaps one or two central reserve banks. That accomplished, the world will easily be at the mercy of these financiers, who may then play with the world in return as you do with a football. Woe betide the day when that happens, and I for one cannot contemplate with equanimity the prospect of another set of chains being tied round the feet of this country. The chains in this case will indeed be chains of gold, but they will be chains all the same.

Complacent advisers ask us to look at and profit by the example of those countries in which since the War credit has supplanted the yellow metal. We are shown the Bank Act of England of 1925 which gives the Bank alone the undivided right of dealing in gold and gold coin, and removing the metal from the path of the common man in England, as economic rubbish or nuisance. But I have read the opinions of some economists who believe that this benevolent embargo upon gold cannot last long. Professor Flux of America thinks that "time will come soon again when perfect convertibility will be established and specie payments will again be resumed," in some European countries. He also is of opinion that many of the European countries will rather choose, instead of facing a further considerable change in domestic price levels, to re-establish gold convertibility on some new parity. Who knows that the flood gates of gold reserve in the world may not again be opened, and England too may not like to reintroduce her gold currency? Professor Keynes said a plethora of gold is as embarrassing as a shortage of gold. The Right Honourable R. M'Kenna has made a speculation that America may soon find her gold an encumbrance after the War, as Sweden and Norway found it in the War, and actually prevented its import. Mr. M'Kenna estimated that in the Federal Reserve Bank of the United States there was already an excess of upwards of three millions of gold over legal requirements. India therefore need not despair of getting gold. But thanks to the Finance Member, India will be lagging behind other countries in point of gold currency. How long is India thus to be made the fool of the world, so that she should always be the hindmost in the race? And we know the saying that the devil takes the hindmost. Of course when the whole world will be reformed, when its economic psychology will change, and when it will begin to despise gold in the true Diogenese fashion, India may also join in the chorus. It is said that under the law of Lycurgus the police used diligently to inquire among the citizens whether they possessed gold, and the possessor, when caught, was punished according to law. And why should we not imagine that a day may dawn when the Assembly at Delhi will be called upon to pass a similar prohibitive law for the

whole of India against the possession of gold? But, until that time why not allow India to cherish and fulfil her desire to possess both gold reserves and gold currency, in the same human fashion as did England before the Act of 1925? Turning to England in particular, what do we find? We find that in the year before the War, England had in her treasuries and in circulation 830 millions of gold sovereigns for a population of  $44\frac{1}{2}$  millions, or over 18 gold coins *per capita* of its population. Up to the year 1915 the London Mint was coining, according to her needs, about 25 to 30 millions of gold coins every year, and the figure in 1912, that is to say, only two years before the War, was the highest on record, namely,  $30\frac{1}{2}$  million gold coins. Of the total coins minted by the world in 1915 the British Commonwealth and the United States of America were responsible for 75 per cent. We are to suppose that these countries were the foremost in point of development of banking habits and habits of economizing gold currency, and yet the figures just mentioned indicate the actual absorption of gold currency by them every year. It is only during the last 10 years that the use of gold coin has been at a discount, and only two years that it has been under a ban; and we are told by the Finance Member that India must immediately come up to the level of these countries in point of economy of gold coin. Also with regard to the habit of hoarding, I may say, in passing, that England and the United States were never free from this habit of hoarding *in toto*. Just before the War about 75 millions of gold coins were circulating in Great Britain and evidently much of this must have been kept in small or large hoards by private people. And just as a performing conjurer picks and collects coins from every part of the body of the operating medium, the War brought out an enormous amount of gold coin from the body of the British nation. The great banker Benjamin White observes—

“The amount of gold hoarded is enormous. There is a class of people, even in the most up-to-date countries, who cannot rid themselves of the hoarding habit.”

And he wittily says “this human custom of hoarding gold coins is directly akin to the habit of a dog who even on a smooth carpet makes a movement as if he were smoothing down the grass to make an easy resting place for his seat”. The story is well-known of Pepys, the famous English writer of diaries. He sent to his father's place for security a great stock of gold from London; and the poor old fellow, it is said, forgot the exact spot in the garden where he had deposited it. My point is that English critics of the Indian people should be rather sparing in their ridicule of the Indian people's habit of hoarding and love of gold coins. I find Indian members of the Currency Commission putting their signatures to such statements in the Currency Commission's Report; but about at least one of these members I can say something which the House will appreciate. The House is probably aware that in 1912 Sir Vitaldas Thackersey moved a Resolution on the subject of the establishment of gold currency in India. Sir Maneckji Dadabhoy, then simple Mr. Dadabhoy, was a Member of the Imperial Council; and he supported that Resolution. In doing so he said that a gold currency was a natural development from the gold standard. “The dangers of the habit of hoarding of the Indian people,” he said, “are exaggerated and their habits have now changed”. I draw the special attention of the House to these remarks. The remarks are categorical. He says first that the Indian people's habits of hoarding

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are exaggerated, and he also says that they have now changed. These were changed before 1912. Now I want to point out just one thing, and it is very amusing. After 1912 and for the last 12 or 14 years the period has been precisely one in which people had not much gold coin to handle. Relying on the Indian Currency Commission's Report, am I to believe that the Indian people have now learnt the habit of hoarding gold? Am I to believe that they have learnt the habit when they could not handle gold? Is it possible that people who could not handle gold will acquire the habit of hoarding it? That is the beauty of the whole situation. A member of the Commission makes a specific admission in 1912 that people have lost the habit of hoarding gold and therefore the time is ripe for the Indian Government to go ahead with gold currency. And now in this Commission's Report the same member puts his signature to this charge against the Indian people that they have acquired the habit of hoarding gold. Such is the value of the Commission's Report. That is the stick with which the Finance Member wants to beat us.

Then I will not go into other things here. I can quote Mr. Gillan who also gave his testimony in 1912; and even in Professor Keynes' book you have ample evidence to show that though the habit of hoarding still exists he is not against giving people a gold coin if they want it, because he says that habits are likely to change even by reason of their being given such gold coin to handle. Then there is Sir Samuel Montagu. It would be tedious to read all these passages but anyone can verify my references and find out whether I am right or wrong. Besides Sir Samuel Montagu—and the best testimony of course in this matter is that of a banker—there is Sir James Beggie, who was a member of the Commission in 1913. He has given very good evidence on this point and he has written I think a minute of dissent in which he says "Go ahead with the gold currency in India".

Now the next point I want to take up is this. The Government of India have adopted this gold currency policy as a deliberate policy from the year 1893. Now consider what the position was in 1893. There were several options open to Government when the mint was being closed. The options were: pure paper currency and the use of the printing press as a mint; that proposal of course this Government had no reason to accept as some Western countries did adopt. The second was bimetalism; but Government could not come to an agreement with the foreign nations and therefore they could not have bimetalism. Therefore the only course open to them in 1893 was a gold standard and gold currency. They deliberately accepted that proposal, that policy, and went ahead with it, and we can bring up the continuous tradition of the Government of India in this matter from the Fowler Commission up to the year 1922. Then in the year 1922 Sir Vitthaladas Thackeray moved his second Resolution on gold currency; and the Finance Member's own predecessor, Sir Malcolm Hailey (I cannot quote his own words, but you can find it in the proceedings) said "You want a guarantee for establishing a mint in India. Here on the floor of this House I give a guarantee that you can have it as soon as you want it". If that is to be the position, if India is to get a gold mint for minting gold coins, as soon as India wants it, then what is to become of the evidence that I have placed already before this House? If out of a total of 103 or 104 witnesses, 98 witnesses give testimony in favour of the adoption of gold currency immediately and if only

6 people are against, then what is the inference to be drawn? When I mentioned this analysis of witnesses, I found one thing on close scrutiny that the cleavage of opinion, the difference of opinion ran along racial lines. Every Indian almost as a rule was in favour of gold currency and every European almost as a rule was against gold currency in India. We know there are exceptions—one or two exceptions on this side and one or two exceptions on the other side; but these exceptions only go to prove the general rule that the cleavage of opinion even on this matter unfortunately goes along racial lines, the English people saying that India should not be given a gold coin and gold currency and Indian people claiming a gold coin and gold currency, even with the support of the Government of India. What else is the meaning of the scheme which was put before the Commission by Mr. Denning and by Sir Basil Blackett? I am prepared to take them at their word in regard to that scheme. I will just refer to the scheme. The scheme, as I said, brings up the tradition of the Government of India pursued for the last 30 or 35 years about establishing a gold mint in India and making gold coins current in India. If anybody thwarted their purpose it was the Home Government and even when in one case the Secretary of State and the Government of India agreed between themselves to have a gold coin in India, it was the British Treasury that came in the way. First of all, there were technical difficulties about qualifications and so on. Then there were legal difficulties; and between the two difficulties they prevented India from having a gold coin. In fairness to the Government of India I must say this: from a perusal of official papers I have been absolutely convinced that the Government of India did always intend to establish a gold mint and gold currency in India and they have kept up the tradition. That tradition has been continued even in the present scheme which has been submitted by the Finance Member and by Mr. Denning before the Commission; but there is of course one little thing—in, ending the last paragraph; of course it is stated there and I can see there must be reason for that—that the question of gold supplies to India must be taken into consideration. I also admit that; but just some time back I put before this House the view that this difficulty is not an insuperable one if the Government of India really mean to give us a gold mint and a gold coin. There is a plethora of gold in America; and certainly we can come to some arrangement with America for obtaining our gold. I suppose the scheme also mentions that—these two officers have deliberately stated that—it is possible to come to some arrangement with America itself for our supplies of gold. Then what about the question of cost? They have said even on that point that we must take our courage in both our hands and go ahead, because they themselves regard that that is the real ultimate solution of this whole problem. It is no use tinkering with the currency problem to have a little thing here and a little thing there; only if you establish a gold standard and follow it up immediately by a gold currency and open a mint and keep gold free to come in and go out, then you do the right thing with regard to the currency policy, and, as I have previously stated, you give the people some means in their own self-reliant hands to set right the currency policy when it goes wrong. All the great names of Finance Members may be mentioned in this connection as having favoured gold currency, Meston, Fleetwood Wilson and so on. And I have just quoted Sir Malcolm Hailey. And unless I may presume that he was acting in a dishonest manner, Sir Malcolm Hailey could not have given that explicit assurance and that specific guarantee that as soon as India wanted a gold mint and gold currency, India should have it. Now, fortunately this

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Commission has been appointed, evidence has been recorded; and what further proof is required that India does want gold coin and gold currency?

So I would summarise the position thus. Indian sentiment is against the Finance Member. Indian theorists are against him. His own scheme is against him. His scheme is not as good as the tradition of the Government of India. His evidence is not as good as his scheme. His Bill is not as good as his evidence; and he himself is not as good as his Bill. That in a few words is the real summing up of the position of the present Finance Member. I have before my mind's eye a chart he has automatically drawn about his tendencies in this matter. In the scheme I find him an enthusiastic advocate of gold currency, saying explicitly that the problem cannot be solved unless you do this. At the end of the scheme he puts in a certain sentence raising a small difficulty, but that is not such a large difficulty as to obscure the benevolent purpose of the whole scheme. Then the Commission gives him two options, in the matter of sale and purchase of gold. The Commission recommends two methods, to sell gold or gold exchange, and in the Bill what do we find? He gives the go-by to gold bullion, yet calling that a gold bullion standard, and takes gold exchange. Now, what is the effect of this exchange? Can we see the face of gold under this arrangement? If you give your gold exchange, it necessarily amounts—I am open to correction—how will it operate? You will get perhaps—of course people may correct me—a draft say on London say or some foreign country. That will serve your purpose. But so far as India is concerned, you will not see the face of gold. The Commission did recommend that, absolutely without making any condition that it was either for internal or external purposes, gold must be given. But the Finance Member takes upon himself the responsibility of making a departure from that Commission's Report in this case. Now, I ask this House, if the Finance Member is to be permitted to make a departure from the Currency Commission's recommendation, why should not this House be allowed to make a departure also? The difference will be only this, that his departure would be reactionary, ours would be progressive and in the right direction. Therefore, I am calling upon this House to deliberately make this departure from the Currency Commission's report.

But I will not weary this House. The House, of course, has, I know, been wearied. But I think, if the House applies its mind to this one question that this currency problem can be solved only by introducing an honest gold standard and gold currency into this country, then of course the House would not feel tired at the discussion of this question. I shall feel obliged if any Members of this House will point out the flaws in the line of argument I have followed. I will welcome contradictions, I will welcome corrections. But if in the aggregate what I have said is sound, then I think the House will unanimously support it.

The Assembly then adjourned till Eleven o' the Clock on Monday, the 14th March, 1927.

# LEGISLATIVE ASSEMBLY.

Monday, 14th March, 1937.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

## QUESTIONS AND ANSWERS.

### TONGA STAND IN PARLIAMENT STREET NEAR THE ENTRANCE TO THE ASSEMBLY.

888. \***Mr. Amar Nath Dutt:** (a) Has the plot of land on the west of the Parliament Street near the Assembly entrance in New Delhi, where tongas stand, been leased? If so, to whom?

(b) Is it a fact that tongawallas standing on the plot of land are charged  $\frac{1}{2}$  anna each? If so, by whom?

(c) If the land has not been leased to anybody, do Government propose to put a stop to the charge of  $\frac{1}{2}$  anna?

(d) If the land has been leased do Government propose to set apart some other plot for a tonga stand?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The plot of land in question has been constituted a municipal tonga stand and it is under the control of the Imperial Delhi Municipal Committee.

(b) and (c). Government have no information.

(d) The plot in question was selected as being most convenient for a tonga stand and there appears to be no reason to move the stand elsewhere.

### ACCOMMODATION OF THE ARMY HEADQUARTERS OFFICES IN NEW DELHI.

889. \***Mr. Jamnadas M. Mehta:** (a) Is it a fact that the Army Department Secretariat has been located this winter in the Imperial Secretariat in New Delhi, while the Army Headquarters offices are located in the Temporary Secretariat in Old Delhi? If so, why?

(b) Is it proposed to continue the above arrangement next year also?

(c) Will Government please state the approximate number of (1) officers and (2) clerical establishment of the Army Headquarters and connected offices at present working in the Temporary Secretariat in Old Delhi?

(d) Is it also proposed to shift the Army Department Secretariat and connected offices at present located in the Imperial Secretariat in New Delhi to Old Delhi from next year?

(e) Is it a fact that accommodation has been built for all these offices in the Imperial Secretariat Buildings in New Delhi? If so, why is it

proposed to locate them in Old Delhi and how is it proposed to utilize the accommodation in New Delhi?

(f) Are Government aware that sufficient office accommodation, and quite a good number of residential bungalows (specially officers') are lying vacant in New Delhi? If so, why have not the Army Headquarters and connected offices at present located in Old Delhi been accommodated in New Delhi?

(g) Have Government considered the possibility of finding deficient accommodation, if any, by shifting a portion of the temporary Public Works Department offices from the Imperial Secretariat Buildings in New Delhi to some other convenient buildings which are not in use at present?

(h) Will not the proposed location of Army Headquarters and connected offices in Old Delhi involve extra expense? If so, what is the justification for the same?

**Mr. G. M. Young:** (a), (b), (c), (d) and (e). There is not sufficient residential or office accommodation in New Delhi for the number of officers and clerks in Army Headquarters who at present come down to Delhi for the winter. It has therefore been decided to accommodate the offices of Army Headquarters in Old Delhi during 1926-27 and 1927-28. The Army Department has been located in the new Secretariat buildings this year, and will probably remain there next year also. The total numbers of officers and clerks belonging to Army Headquarters at present working in the Old Secretariat are 82 and 230 respectively. In addition, there are 9 officers and 58 clerks belonging to the offices of the Financial Adviser, Military Finance.

(f) The answer is in the negative. The second part does not arise.

(g) The location of a portion of the Public Works Department offices in the Imperial Secretariat buildings is a temporary arrangement, no other accommodation being available at present.

(h) The extra expense, if any, is small.

#### ANNUAL COST OF THE SIMLA EXODUS FROM 1921 TO 1926.

890. **\*Mr. Gaya Prasad Singh:** Will Government kindly give the total cost of the Simla exodus, year by year, from 1921 to 1926?

**The Honourable Sir Alexander Muddiman:** The information is being collected and will be supplied to the Honourable Member in due course.

#### SUBSTITUTION OF PROVIDENT FUND FOR PENSIONS IN THE DIFFERENT DEPARTMENTS OF THE GOVERNMENT OF INDIA.

891. **\*Mr. Gaya Prasad Singh:** (a) Will Government kindly state if any inquiries have been made in regard to the substitution of provident fund for pensions in different departments of the Government of India? And what result, if any, has been arrived at?

(b) Do Government propose to consult the wishes of Government employees, and give them the option to choose between the provident fund, and pension system?

**The Honourable Sir Basil Blackett:** (a) I would refer the Honourable Member to the replies I gave on the 3rd February to Mr. Duraiswamy



Aiyangar's starred question No. 91 and on the 4th instant to Mr. Joshi's starred question No. 722.

(b) The point will be borne in mind if and when the scheme materialises.

# APPOINTMENT OF AN AGENT TO THE GOVERNOR GENERAL IN SOUTH AFRICA.

892. \***Mr. Gaya Prasad Singh:** Will Government kindly state when they expect to appoint an Agent to the Governor General in South Africa, in terms of the settlement recently arrived at?

**Mr. J. W. Bhore:** The matter is under consideration. I regret I am not yet in a position to make any definite statement.

**Pandit Hirday Nath Kunzru:** Is it to be hoped that Government will bear in mind that, as far as possible, an Indian should be appointed in that position?

**Mr. J. W. Bhore:** I have no doubt that the Government will bear in mind all suggestions that have been made in connection with this appointment, Sir, before it is made.

**Pandit Hirday Nath Kunzru:** May I take it that this particular matter is before Government?

**Mr. J. W. Bhore:** Yes, Sir, it is.

# FORMATION OF A SEPARATE KANNADA PROVINCE.

893. \***Mr. D. V. Belvi:** (a) Will Government be pleased to state if they have taken any action upon the Resolution moved by the Honourable Rao Sahib Dr. U. Rama Rau, in the Council of State on the 17th February, 1926, regarding the formation of a separate Kannada Province upon a linguistic basis?

(b) Have they consulted the Local Governments of Madras, Bombay and Coorg on the subject-matter of the said Resolution?

(c) If so, will they be pleased to lay the opinions of those Governments on the table?

(d) Will Government be pleased to state if they have received any representations or resolutions from any places in the Provinces of Madras, Bombay or Coorg in support of the said Resolution?

(e) If so, which places?

**The Honourable Sir Alexander Muddiman:** (a), (b) and (c). The Resolution referred to was rejected by the Council of State and Government have therefore taken no action in the matter.

(d) and (e). Resolutions were received in May and June 1926 from the Presidents of the Uppinangadi, Udupi and Kasargod Taluk Boards urging the establishment of a separate Karnataka University and province.

# EXILE OF MAULANAS MOHAMMED ISHAQ AND MOHAMMED IRFAN FROM THE NORTH-WEST FRONTIER PROVINCE.

894. \***Raja Ghasanfar Ali Khan:** (a) Are Government aware that Maulana Mohammed Ishaq of Manshra and Maulana Mohammed Irfan

of Hazara have been exiled from the North-West Frontier Province and are not allowed to return to their homes?

(b) Will Government be pleased to inform the House when and for what offences the said gentlemen were exiled?

(c) Do the Government know that in the year 1920 both of them were kept for an indefinite period of time in U. P. jails without any trial?

(d) Have Government paid any allowance to those gentlemen during the long period of exile?

(e) Are Government aware that Mohammed Ishaq's house was searched at the time of his arrest and that nothing objectionable was found there?

(f) Are Government aware that at the time of Mohammed Ishaq's arrest his property worth about Rs. 10,000 was spoiled by officials and that it has not yet been compensated for?

(g) Do Government know that M. Mohammed Ishaq still lives at Rawalpindi and in spite of constant demands of the important persons of the North-West Frontier Province nothing is given to him to enable him to meet his daily expenditure?

(h) Are Government aware that in 1925, M. Mohammed Ishaq averted a pending riot at Rawalpindi and the Deputy Commissioner, Rawalpindi, recommended to the Punjab Government the cancellation of the banishment orders?

(i) Are Government prepared now to allow the said Maulanas to return to their native province? If not, are they prepared to grant allowances to them from the date of their exile?

**The Honourable Sir Alexander Muddiman:** (a) to (i). I would refer the Honourable Member to the answer given on behalf of Sir William Vincent on the 7th September 1922, to Munshi Mahadeo Prasad and to the answer that I gave to Mr. S. Sadiq Hasan on the 24th March last. I am making enquiries as to the other points raised by the Honourable Member, and will furnish him with any information that is available in due course.

#### EXTENSION OF THE PRINCIPLE OF RECRUITMENT FOR POST OFFICES IN CALCUTTA AND BOMBAY TO ADJACENT REVENUE DIVISIONS.

895. **\*Mr. Srish Chandra Datta:** (a) Has the attention of Government been drawn to Part I of the Circular No. 29, dated the 2nd September, 1926, issued by the Director-General of Posts and Telegraphs?

(b) Will the Government state the principle on which recruitment for Post Offices in Calcutta and Bombay has been extended to adjacent Revenue Divisions?

(c) Is a similar restriction in force in any other department of Government service? If so, which? If not, why has the Postal Department been selected for such experiment?

**Sir Ganen Roy:** (a) Yes.

(b) Because many of the clerks working in Government and mercantile establishments in big cities like Calcutta and Bombay are drawn from the surrounding districts.

(c) Government are not aware of such restriction in any other department. The restriction was considered necessary in respect of the Postal

Department, because it has been found that a candidate enlisting in an office or Division far distant from his home is apt to put forward as a grievance that he is serving far away from his family and has to maintain two establishments, as a remedy for which he either wants higher pay, or asks for a transfer to a place nearer his home.

REPRESENTATION OF MUSLIMS IN THE POST AND TELEGRAPH ACCOUNTS DEPARTMENT AND IN THE SUBORDINATE ACCOUNTS SERVICE.

†896. \*Mr. Abdul Haya: (a) Is it a fact that there is no Muslim Assistant Accounts officer in the Post and Telegraph Accounts Department and that out of 73 appointments in the Subordinate Accounts Service only two are held by Muslims?

(b) If the answer to part (a) is in the affirmative, what steps are being taken by the Government to increase the representation of the Muslims in these services?

MUSLIMS IN THE SUBORDINATE ACCOUNTS SERVICE.

†897. \*Mr. Abdul Haya: (a) Is it a fact that some members of the Subordinate Accounts Service have been promoted from the Civil Accounts Offices to the posts of Assistant Accounts Officer, Senior Accountants and Accountants in the Post and Telegraph Accounts Department? If so, are there any Muslims among them?

(b) Is it a fact that some graduates have been appointed in this Department as direct probationers for the Subordinate Accounts Service and some clerks have been appointed in the Subordinate Accounts Service after being exempted from passing the prescribed Subordinate Accounts Service Examination, during the last four years, and that none of them is a Muslim? If so, why?

(c) Is it a fact that in this Department in the past, some vacancies in the Subordinate Accounts Service were not filled strictly according to the order of seniority in the list of Subordinate Accounts Service passed clerks, and that on several occasions junior men in the waiting list were appointed to the Subordinate Accounts Service in preference to senior men; if so, was such a concession ever extended to any Muslim Subordinate Accounts Service passed clerks? If not, why not?

MUSLIMS IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.

†898. \*Mr. Abdul Haya: Is it a fact that all posts of Superintendent Records (reserved for clerical staff) and establishment clerks in the office of the Accountant General, Posts and Telegraphs and its Branch offices are at present held by non-Muslims?

GRANT OF ADVANCE INCREMENTS TO CLERKS IN THE POST AND TELEGRAPH ACCOUNTS DEPARTMENT.

†899. \*Mr. Abdul Haya: Is it a fact that 'advance increments' have recently been granted to several clerks in the clerical service of the Post and Telegraph Accounts Department? If so, have any Muslim clerks been granted such increments?

† For answer to this question, see answer below question No. 911.

**ADEQUATE REPRESENTATIONS OF MUSLIMS IN THE OFFICE OF THE  
ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS.**

†900. \***Mr. Abdul Haya:** (a) Is it a fact that there is at present only one Muslim clerk in the upper division in the main office of the Accountant General, Posts and Telegraphs at Delhi out of a sanctioned strength of about 80 clerks? If so, what steps do Government propose to take to ensure the adequate representation of the Muslims in this office?

(b) Is it a fact that seven clerks in the upper division have been recruited in the office of the Accountant General, Posts and Telegraphs, since its shifting to Delhi, and that not one of them is a Muslim? Will Government please state how many out of these seven clerks are Kayasths by caste?

**NON-APPOINTMENT OF MUSLIMS AS EXCAVATION ASSISTANTS IN THE  
ARCHÆOLOGICAL DEPARTMENT.**

901. \***Mr. Abdul Haya:** (a) Will Government please state if it is a fact that 3 new posts of Excavation Assistants (250—10—350 grade) were created in the Archæological Department of the Government of India last year?

(b) Is it a fact that all the three posts have been filled by non-Muslims?

(c) Will Government please state the date or dates on which these appointments were made?

(d) Is it a fact that before these appointments were made the attention of Government and the Director of Archæology was drawn to the paucity of Muslims in this Department by the Anjuman-i-Islamia, Simla, and in reply thereto the Anjuman was told that due regard will be paid to the claims of the Muslim community?

(e) Is it a fact that these posts were not advertised and that they were filled without giving publicity to their existence?

(f) Will Government please state what was the procedure adopted in making these appointments?

(g) Is it a fact that one of these three posts has been given to a person who is a mere undergraduate and possesses no technical educational qualification, and that two or three months previous to this appointment, he was for the first time employed temporarily as a caretaker on Rs. 100 per month in one of the Archæological centres?

(h) Is it a fact that this gentleman's father was already employed in this Department?

**Mr. J. W. Bhore:** (a) and (b). Yes; but of 9 appointments made recently in the Archæological Department, 3 were filled by Muslims.

(c) The Director General of Archæology issued letters on the 17th September, 1926, appointing the three candidates selected by him on probation for one year with effect from the 1st October, 1926.

(d) The letters of the Anjuman-i-Islamia were received by the Director General of Archæology after he had issued the letters of appointment.

(e) Yes. The Director General of Archæology has however been asked to give the widest publicity when such posts are filled in future.

(f) Though the posts were not advertised applications were received and considered by the Director General of Archæology who appointed the three

candidates he considered to be the most suitable for the work. Two of those appointed had had excavation experience under the personal supervision of the Director General of Archaeology. The third was a member of the staff of the Archaeological Department and had assisted the Superintendent, Archaeological Survey, Hindu and Buddhist Monuments, at a number of previous excavations.

(g) One of the candidates selected is an undergraduate, but as just stated he had experience of excavation work. Before his appointment he was doing the work usually undertaken by an Excavation Assistant during the hot weather season and not that of a mere caretaker.

(h) His father is not employed in the Archaeological Department.

#### REVISION OF THE POSTAL AND TELEGRAPH CODES.

902. **\*Mr. Abdul Haye:** (a) Is it a fact that the Postal and Telegraph Codes are at present being revised under the orders of Government?

(b) Will Government please state the date on which it was originally decided that these Codes should be revised?

(c) To what establishment was this work entrusted, what is the name of the officer who is in charge of this work and what is his monthly salary?

(d) What is the monthly cost of the establishment which is engaged in this work of revision?

(e) On what date was the work taken in hand?

(f) What is the total cost which has been incurred by Government up till 28th February, 1927, on this work?

(g) Was any time limit originally fixed during which this work was to be completed?

(h) Have there been any extensions of the time since then? If so, how many and for what periods?

(i) What was the total number of the pages of these old Codes?

(j) Will Government please state what progress the work of revision has so far made and by what date it will be completed?

**The Honourable Sir Bhupendra Nath Mitra:** (a) Yes.

(b) July, 1923.

(c) The work was entrusted to a number of officers aided by a small clerical staff. The officers now in charge are: Mr. S. P. Varma, of the Indian Audit and Accounts Service, whose pay is Rs. 1,350 per mensem; Mr. P. N. Mitra and Mr. B. B. Bhattacharji, both of the Postal and Telegraph Department, whose pay is respectively, Rs. 1,850 and Rs. 1,050 per mensem.

(d) The monthly cost of the establishment (additional to the figures just mentioned) is Rs. 2,170 per mensem.

(e) The work was commenced in May, 1924.

(f) Rs. 1,48,205, subject to the following remarks.

(g) No.

(h) Does not arise.

(i) Nearly 6,000 pages.

(j) Of the 27 Volumes to be printed one is complete, four are in the Press. The rest of the work is well advanced and it is hoped that it will be completed by the end of the coming financial year.

For the Honourable Member's information I would add that in addition to the revision of the Manuals it became necessary for the same staff to undertake a comprehensive revision of the statutory Telegraph Rules to bring these into consonance with the International Regulations in which considerable changes were made at the last International Telegraph Conference. A large part of the time of the officers employed on the revision had also to be devoted to the unification of the rules in the different branches of the department and, more particularly in the case of Mr. S. P. Varma, to the details of the reorganisation of the Postal and Telegraph accounts in the commercial form they now take and which was a necessary preliminary to the Code revision.

**NUMBER OF MUSLIMS APPOINTED IN THE OFFICE OF THE AUDITOR GENERAL AND SUBORDINATE OFFICERS THERETO.**

†903. \*Mr. Abdul Haya: (a) Is it a fact that at present there is not a single Muslim employed in the Subordinate Accounts Service nor is there a single Muslim Assistant Accounts officer in the main offices of the Auditor General and Accountant General, Central Revenues?

(b) Is it a fact that several members of the Subordinate Accounts Service have been promoted from other Accounts offices to the posts of Assistant Accounts Officers and Senior Accountants and Accountants in the offices of the Accountant General, Central Revenues, but none of them is a Muslim? If so, will Government please state why no Muslims have been promoted?

(c) Will Government be pleased to furnish a statement showing the number of new appointments given to Muslims and non-Muslims respectively in the office of the Auditor General and each of the offices subordinate thereto during the year 1926?

**PROPORTION OF MUSLIMS IN THE CLERICAL ESTABLISHMENT OF THE OFFICE OF THE COMMISSIONER, NORTHERN INDIA SALT REVENUE.**

904. \*Mr. Abdul Haya: (a) Will Government please state if it is a fact that the Commissioner, Northern India Salt Revenue, Delhi, has been directed by the Government of India that in future recruitment 3/4ths of the appointments in the clerical establishment of his office should be given to non-Muslims on the ground that the Government believes there is a preponderance of Muslims in this office?

(b) Will Government please state what is the proportion of Muslims and non-Muslims in the ministerial and executive services of the Northern India Salt Revenue Department?

(c) If the answer to (a) is in the affirmative, are Government prepared to issue necessary instructions that in those offices and Departments under the Government of India where there is a preponderance of non-Muslims in future recruitment 3/4ths of the new appointments should be reserved for Muslims?

†For answer to this question, see answer below question No. 911.

**The Honourable Sir Basil Blackett:** (a) The answer is in the negative.

(b) The information is as follows:

Gazetted officers.	10 Muslims and 22 non-Muslims.
Non-gazetted executive officers.	35 Muslims and 24 non-Muslims.
Ministerial officers.	77 Muslims and 100 non-Muslims.

(c) The question does not arise.

**MUSLIM REPRESENTATION IN THE OFFICES OF THE CONTROLLER OF PRINTING, STATIONERY AND STAMPS AND THE DEPUTY CONTROLLER, CENTRAL PRINTING OFFICE.**

905. **\*Mr. Abdul Haya:** (a) Will Government be pleased to state separately the number of Muslims and non-Muslims in the ministerial establishments employed at present in the Office of:

- (i) the Controller of Printing, Stationery and Stamps in India,
- (ii) the Deputy Controller, Central Printing Office?

(b) Will Government please state why the Muslims have not been given an increased share in the above offices, in spite of the fact that the attention of the Controller was drawn to the paucity of Muslims by the Anjuman-i-Islamia, Simla?

(c) Is it a fact that on a reference made by the Anjuman-i-Islamia, Simla, the Controller of Printing in December, 1926, replied that he had looked into the matter and found that the Muslim community had received every consideration and were well represented. If so, will Government be pleased to state with what mathematical precision the Muslim community is said to be well represented in the above-named offices?

(d) Are Government prepared to take steps to equalise the number of Muslims in the above offices when new vacancies are to be filled up in the near future?

**The Honourable Sir Bhupendra Nath Mitra:** (a)

	Muslims.	Non-Muslims.
(i) . . . . .	Nil	6
(ii) . . . . .	4	15

(b) No fresh recruits have recently been appointed in the Controller's Office. In the Central Printing Office the proportion of Muslims employed is now 21 per cent.

(c) I believe that this is so, I am unable to understand the latter part of this question, the mathematical percentage has been given by me in answer to part (b).

(d) No. Government have never undertaken to make the Muslim representation in this office equal to that of all other communities. In recruiting the desirability of removing undue preponderance of any one class or community is kept in view.

REPRESENTATION OF MUSLIMS IN THE GOVERNMENT OF INDIA PRESS,  
DELHI.

906. \*Mr. Abdul Hays: (a) Is it a fact that there are very few Muslims in the clerical service of the Government of India Press, Delhi, and that most of them are in the lower scale of pay?

(b) If the answer is in the affirmative, are Government prepared to take necessary steps to increase the representation of the Muslims?

(c) Is it a fact that the posts of the Head Clerk and Accountant are both held by non-Muslims?

(d) If the answer to (c) is in the affirmative, are Government prepared to appoint any Muhammadan capable to discharge those duties efficiently to the post of Accountant which is not at present permanently filled?

(e) Is it a fact that a non-Muhammadan has recently been temporarily appointed to the post of the Accountant including the cashier's in preference to several Muhammadan candidates possessing more experience?

The Honourable Sir Bhupendra Nath Mitra: (a) About 25 per cent. of the clerical posts are held by Muslims. They are graded according to their qualifications and service.

(b) Does not arise.

(c) Yes

(d) No.

(e) No. A non-Muslim was appointed as Accountant and Cashier because he had qualifications possessed by no other available candidate.

MUSLIM OFFICERS IN THE INDIAN STORES DEPARTMENT.

907. \*Mr. Abdul Hays: Will Government please state what is the total number of officers in the Indian Stores Department and how many of them are Muslims?

The Honourable Sir Bhupendra Nath Mitra: The total number of officers at present in the Indian Stores Department is 53 of whom 1 is a Muslim.

NUMBER OF MUSLIMS AND NON-MUSLIMS IN THE CLERICAL SERVICE  
IN THE GOVERNMENT OF INDIA PRESS, ALIGARH.

908. \*Mr. Abdul Hays: Will Government be pleased to lay down a statement showing the number of Muslims and non-Muslims separately according to different scales of pay in the clerical service in the Government Press, Aligarh?



**The Honourable Sir Bhupendra Nath Mitra:** The statement asked for is placed on the table.

*Statement showing different scales of pay of the clerical staff held by the different communities in the Government of India Press, Aligarh.*

Scales of pay.	Non-Muslims.	Muslims.
200—5—250	<i>Nil.</i>	1
125 . 5—175		
100—5—140		
80—4—120	7	<i>Nil.</i>
70—3—100		
35—2—75	39	6
30	<i>Nil.</i>	1
Total	46	8

APPOINTMENT OF MUHAMMADAN EXAMINERS FOR THE SUBORDINATE  
ACCOUNTS SERVICE EXAMINATION.

909. **\*Mr. Abdul Haya:** Is it a fact that no Muhammadan has been appointed as Examiner of any paper, other than local paper, in the Subordinate Accounts Service Examination during the last 5 years? If so, why?

**The Honourable Sir Basil Blackett:** I would invite the attention of the Honourable Member to my reply to unstarred question No 239 on 19th March, 1926.

MUSLIM CLERKS IN THE AUDIT OFFICE OF THE INDIAN STORES  
DEPARTMENT.

†910. **\*Mr. Abdul Haya:** (a) Is it a fact that out of a total establishment of about 100 clerks in the Audit Office of the Indian Stores Department there is only one Muslim?

(b) Will Government please lay on the table a statement showing the exact number of Muslims and non-Muslims in this office?

MUSLIMS IN THE AUDIT OFFICE, NORTH WESTERN RAILWAY, DELHI  
DIVISION.

911. **\*Mr. Abdul Haya:** (a) Is it a fact that not a single Muslim is at present employed in the Audit Office, North Western Railway, Delhi Division?

(b) If the answer to (a) is in the negative, will the Government please state the names of the Muslims employed, giving in each case their monthly salary?

**The Honourable Sir Basil Blackett:** I propose to answer questions Nos 896—900, 903, 910 and 911 together.

I would refer the Honourable Member to the reply given by the Honourable Sir Charles Innes on the 27th January 1927, to Maulvi Muhammad Yakub's unstarred question No. 3. That reply holds good in the case of the offices and departments referred to in these questions.

† For answer to this question, see answer below question No. 911.

**MUSLIM OFFICERS IN THE METEOROLOGICAL DEPARTMENT.**

912. **\*Mr. Abdul Haye:** Is it a fact that there is only one Muslim officer in the whole of the Meteorological Department? If so, what action do Government propose to take to increase the proportion of Muslims in this Department?

**The Honourable Sir Bhupendra Nath Mitra:** The answer to the first part of the question is in the affirmative. As regards the second part of the question the attention of the Honourable Member is invited to the reply given by me to part (b) of question No. 312 by Sardar Gulab Singh on the 7th February, 1927.

**MUSLIM CLERKS IN THE RAILWAY BOARD OFFICE.**

913. **\*Mr. Abdul Haye:** (a) Will Government please state the total number of clerks employed in the Railway Board Office? How many of these are Muslims?

(b) Will Government please state how many clerks, both temporary and permanent, have been recruited during the last two years, and how many of them are Muslims?

**The Honourable Sir Charles Innes:** (a) The total number of clerks in the office of the Railway Board is 75 and out of these 14 are Muslims.

(b) In all 34 clerks, both temporary and permanent, were recruited during the last 2 years and out of these 11 were Muslims.

**INADEQUATE REPRESENTATION OF MUSLIMS IN THE HEAD AND DIVISIONAL OFFICES OF THE NORTH WESTERN RAILWAY.**

914. **\*Mr. Abdul Haye:** (a) Is it a fact that Muslims are very poorly represented in the North Western Railway Head Offices as well as in Divisional Offices?

(b) Are Government prepared to take steps that in future more Muslims are recruited in these offices?

**Mr. A. A. L. Parsons:** I would refer the Honourable Member to the reply given by the Honourable the Railway Member to Maslvi Muhammad Yakub's question No. 3 on the 27th January last. We have not got information about individual offices, but the Agent of the North Western Railway is very well aware of the policy of Government with regard to communal representation and I will send him a copy of the Honourable Member's question.

**EXILE OF MAULANAS MOHAMMED ISHAQ AND MOHAMMED IRFAN FROM THE NORTH-WEST FRONTIER PROVINCE.**

915. **\*Mr. Abdul Haye:** (a) Will Government please state when Maulana Mohammed Ishaq of Mansehra and Maulana Mohd. Irfan of Hazara were exiled from the North-West Frontier Province? Is it a fact that they are still subjected to the order of banishment and are not allowed to return to their homes in the North-West Frontier Province?

(b) Will Government please state under what law and for what offence these orders were passed against them?

(c) Is it a fact that in 1920 also these gentlemen were detained without a trial for a considerable period in the U. P. Jails?

(d) Is it a fact that at the time of his arrest the house of Maulana Mohammed Ishaq was also searched but nothing incriminating or objectionable was found?

(e) Will Government please state where these two gentlemen are detained at present? Are they free to live wherever they like outside the North-West Frontier Province?

(f) Are any allowances paid to them by the Government by way of maintenance? If not, why not?

(g) Is it a fact that the Deputy Commissioner of Rawalpindi in 1925\* recommended that the orders of banishment against Maulana Mohammed Ishaq be cancelled?

(h) Are Government now prepared to cancel the orders against these two gentlemen?

**The Honourable Sir Alexander Muddiman:** I would refer the Honourable Member to the answer I have just given to a similar question by Raja Ghanzanfar Ali Khan.

#### EMPLOYMENT OF AN AUSTRALIAN STAFF OFFICER AS AN INSTRUCTOR IN THE STAFF COLLEGE.

916. **\*Khan Bahadur Sarfaraz Hussain Khan:** Will Government be pleased to state:

(a) if they have asked for the loan of an Australian staff officer for a term of three years, to act as an instructor in the Staff College, and if so, why, and what would be his pay?

(b) how many other Australians are serving under the Government of India as military officers?

(c) the reasons for selecting Australians to be military officers in India?

**Mr. G. M. Young:** (a) The answer is in the affirmative. The reason is that the officer, who was a student at the Staff College, showed promise of becoming a very efficient instructor. His pay is the same as that of other instructors of the same grade, namely, married rate, Rs 1,830 a month, and single rate Rs. 1,700 a month.

(b) 11; 10 with units, and 1 on the staff.

(c) The attachment of Dominion officers to units in India is in conformity with Imperial training policy. Owing to distance and other causes, Australian officers normally come to India for training, while officers of other Dominions go to the United Kingdom.

All charges on account of these officers are borne by the Commonwealth Government.

The officer attached to the staff is counterbalanced by an Indian Army officer who is similarly attached to the staff of the Australian Army.

**SALE OF REVERSE COUNCIL BILLS IN NOVEMBER AND DECEMBER,  
1926.**

**917. \*Khan Bahadur Sarfaraz Hussain Khan:** Will Government be pleased to state:

- (a) what was the amount of the Paper Currency Reserve which stood at the credit of India in the years 1913-14, 1917-18 and 1925-26, respectively?
- (b) whether they authorised the Imperial Bank of India to issue the Reverse Council Bills in November and December, 1926?
- (c) what was the extent of the demand and sale of the Reverse Council Bills during the said period?

**The Honourable Sir Basil Blackett:** (a) The information asked for by the Honourable Member is given in the Report of the Controller of the Currency for 1925-26.

(b) and (c). The attention of the Honourable Member is invited to my reply to starred question No. 154 by Kumar Ganganand Sinha on the 31st January 1927.

**CONDITIONS OF SERVICE OF THE INDIAN UNATTACHED LIST.**

**918. \*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if it is a fact that in the House of Commons in November last while replying to Rear Admiral Sueter Earl Winterton said that the Government of India had been asked to expedite the report placing departmental warrant officers of the Indian Unattached List exactly on the same footing as the British service warrant officers with regard to pay, leave allowances, etc.?

(b) If the answer be in the affirmative, what action have they taken on it?

**Mr. G. M. Young:** (a) I presume the Honourable Member is referring to the earlier question which was asked by Rear Admiral Sueter on the 12th July 1926 and Lord Winterton's reply. Government are not aware whether Lord Winterton subsequently in November said that he would ask the Government of India to expedite the report mentioned in his answer of the 12th July.

(b) As I stated in the reply which I gave on the 1st March to starred question No. 685, Government have been corresponding with the Secretary of State for some time regarding the conditions of service of the India Unattached List, and revised rates of pension have already been promulgated. A report was actually sent in November 1926.

**CONVENTIONS AND RECOMMENDATIONS RELATING TO SEAMEN ADOPTED  
BY THE 9TH SESSION OF THE INTERNATIONAL LABOUR  
CONFERENCE.**

**919. \*Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state what action they have taken to give effect to the Conventions and Recommendations passed at the 9th Session of the Geneva International Labour Conference to ameliorate the conditions of Indian seamen?

(b) If no action has as yet been taken, do they propose to take any in the near future? If so, when and what?

**The Honourable Sir Charles Innes:** The Conventions and Recommendations in question are being examined by the Government of India, but no decision has as yet been reached as to the action to be taken on them.

**Mr. K. Ahmed:** A supplementary question, Sir. Do Government propose to expedite the matter of considering the Conventions and Recommendations and take speedy steps to give effect to them?

**The Honourable Sir Charles Innes:** We will expedite it as much as we can, Sir.

#### RELEASE OF BENGAL DETENUS.

920. **\*Khan Bahadur Sarfaraz Hussain Khan:** With reference to Earl Winterton's promise made in the House of Commons on 25th November, 1926, while replying to Mr. Thurtle, that he will make inquiry from the Government of India regarding the possibility of releasing the prisoners who have been detained under the Bengal Criminal Law Ordinance Act, will Government please state:

(a) if any such inquiry has been made?

(b) if made, what was the Government of India's reply to it?

**The Honourable Sir Alexander Muddiman:** (a) The answer is in the affirmative.

(b) The Secretary of State has been informed of the views of the Government of India as stated in this House.

#### CONVERSION OF THE SUPER-TAX ON COMPANIES INTO A CORPORATION TAX.

921. **\*Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it a fact that in the House of Commons in November last, the Under Secretary for India said that a copy of Mr. Bannet's question would be sent to the Government of India with regard to the conversion of the super-tax on companies into a corporation tax?

(b) Have the Government received Mr. Bannet's question? If so, what action, if any, have they taken in the matter?

**The Honourable Sir Basil Blackett:** (a) The answer is in the affirmative.

(b) The Government have not arrived at a final decision on the subject.

#### CREATION OF AN INDIAN NAVY.

922. **\*Khan Bahadur Sarfaraz Hussain Khan:** Will Government be pleased to state in detail the action hitherto taken and contemplated to be taken on the scheme of the creation of an Indian navy?

**Mr. G. M. Young:** It is impossible to give details of all the work that has been done during the past year and will be done this year, but I will furnish the Honourable Member with a statement of the more important items.

**"APPOINTMENT OF JUDGES WITH INDIAN EXPERIENCE TO THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL."**

923. \*Khan Bahadur Sarfaraz Hussain Khan: With reference to the Judicial Committee Bill, which passed the second reading in the House of Commons in December last and which provides for the appointment of two judges with Indian experience to sit on the Privy Council, will Government please state:

(a) whether the appointments would be made on the recommendation of the Government of India?

(b) whether the words "Judges with Indian experience" would include an Indian?

**The Honourable Sir Alexander Muddiman:** (a) The Bill provides for appointments being made by His Majesty at whose pleasure it will be to consult the Government of India.

(b) I refer the Honourable Member to what I said in moving a Resolution in this House on the 3rd February 1926. It is intended to send the best men who have the qualification of Indian experience and without racial discrimination.

**GRANT OF PROTECTION TO THE MATCH INDUSTRY IN INDIA.**

924. \*Khan Bahadur Sarfaraz Hussain Khan: Will Government please state when they expect to receive the report of the Indian Tariff Board on the question of the grant of protection to the match industry in India?

**The Honourable Sir Charles Innes:** The question of the grant of protection to the match industry has not been referred to the Tariff Board, but the Tariff Board has been asked to investigate the whole position of the match industry in India. The enquiry is likely to be a long one and I am unable to say when we are likely to receive the Tariff Board's Report.

**Mr. H. G. Cocke:** A supplementary question, Sir. In the matter of an industry which has been inquired into by the Tariff Board, such as the match industry or the mill industry, would Government say whether they would be prepared in exceptional circumstances to take any steps on the report without waiting for this Assembly to meet, again and pass legislation?

**The Honourable Sir Charles Innes:** I am not quite sure what the Honourable Member means, but our usual practice regarding the Tariff Board is to publish the report as soon as we have arrived at our own provisional conclusions.

**Mr. H. G. Cocke:** What I intended to ask was whether, in the event of Government considering action necessary on receiving one of these reports, they can take action on that report, or whether it would be essential to wait for this Assembly to pass legislation?

**The Honourable Sir Charles Innes:** That, Sir, would depend on the sort of action which the Honourable Member has in mind. In some cases we should certainly take action if we thought it necessary to do so.

**APPOINTMENT OF MUSLIMS IN THE CO-OPERATIVE DEPARTMENT OF THE DELHI PROVINCE.**

925. \*Khan Bahadur Makhdum Syed Rajan Baksh Shah: (a) Is it a fact that in Delhi Province the population of Hindus and Muhammadans

is practically equal, and that the distribution of the population in urban and rural areas is about 2:1?

(b) Is it a fact that the two Inspectors of Co-operative Societies in Delhi Province, 5 Sub-Inspectors, one Liquidator and two Camp Clerks are all Hindu Jats?

(c) Is it a fact that during the year 1925-26 only one Muslim Co-operative Society was registered by the then Muslim Sub-Inspector?

(d) Is it a fact that practically all existing Muslim Co-operative Societies were registered by the Muslim Sub-Inspector when there was a Muslim Assistant Registrar of Co-operative Societies in charge of the Delhi Co-operative movement?

(e) Is it a fact that the present 4 Co-operative Societies in the city were organised by the then Muslim Sub-Inspector?

(f) If the replies to the above questions are in the affirmative, do Government propose to consider the desirability of immediately appointing Muslims to the staff of the Co-operative Department of the Delhi Province?

REJECTION OF THE OFFER OF A RESPECTABLE GENTLEMAN OF THE DELHI PROVINCE TO WORK IN AN HONORARY CAPACITY IN THE CAUSE OF CO-OPERATIVE SOCIETIES.

926. \*Khan Bahadur Makhdum Syed Rajan Baksh Shah: Are Government aware that an offer to work in an honorary capacity to further the cause of co-operative societies by a respectable gentleman of the Delhi Province was rejected?

NUMBER OF HINDU AND MUSLIM CO-OPERATIVE SOCIETIES REGISTERED IN THE DELHI PROVINCE FROM THE 1ST AUGUST, 1926, TO THE 15TH JANUARY, 1927.

927. \*Khan Bahadur Makhdum Syed Rajan Baksh Shah: (a) Will Government please state how many applications of Muslims to register Co-operative Societies were rejected and how many similar applications from Hindu Societies were rejected during the year 1925-26?

(b) Will Government please state how many Muslim and how many Hindu Societies have been registered from 1st August, 1926, to 15th January, 1927, in the Delhi Province?

Mr. J. W. Bhore: With your permission, Sir, I should like to reply to questions Nos. 925, 926 and 927 together.

The information is being obtained and will be supplied to the Honourable Member.

NUMBER OF MUSSALMANS IN THE DELHI EDUCATIONAL ADMINISTRATION.

928. \*Maulvi Muhammad Yakub: In answer to certain questions of mine asked in March, 1926, about the number of Musalmans in the Delhi Educational Administration, I was told that out of 290 appointments only 27 were held by the Musalmans. Will the Government be pleased to state what steps, if any, were taken since then to remove this genuine grievance of the Musalmans? How many permanent appointments were made since then and how many of these permanent appointments were given to the Musalmans?

## GRANTS TO MUHAMMADAN SCHOOLS IN THE DELHI PROVINCE.

929. \***Maulvi Muhammad Yakub:** (a) In reply to certain questions of mine I was informed in 1926 that the following were the figures of grant-in-aid given by the Educational administration at Delhi.

<i>Non-recurring grants.</i>		Rs.
Christian schools	.	31,000
Hindu schools	.	13,000
Muslim schools	.	Nil

<i>Recurring grants.</i>		
Christian schools	.	21.9 per cent.
Hindu schools	.	64.6 per cent.
Muslim schools	.	18.9 per cent.

Will Government be pleased to state what steps, if any, were taken since then to do justice to the Mussalmans in this matter?

(b) Will Government be pleased kindly to lay on the table a statement showing recurring and non-recurring grants paid to aided schools in the Delhi Province, arranged according to various communities, for the year 1926-27?

(c) If no non-recurring grants have been given to any Muhammadan school, will the Government be pleased to state reasons.

## EDUCATION OF MUHAMMADANS OF THE DELHI PROVINCE.

930. \***Maulvi Muhammad Yakub:** Will Government kindly state if it felt its responsibility towards the betterment of the education of Muhammadans constituting 40 per cent. of the population of the Delhi Province? If so, will Government very kindly state what policy it has adopted to achieve this end?

## EMPLOYMENT OF MUSSALMANS AS TEACHERS IN MUNICIPAL AND DISTRICT BOARD SCHOOLS IN THE DELHI PROVINCE.

931. \***Maulvi Muhammad Yakub:** (a) Will the Government kindly state how many teachers have been recommended by the Delhi Educational Office to the Municipal and District Boards during 1926 for employment in their schools, and how many of them are Musalmans?

(b) Will Government kindly state if according to the Code Rules of the Punjab, as followed by Delhi, such recommendations by the District Inspector of Schools were submitted to the Boards with the approval or through the Superintendent of Education, or were they sent direct by him to the Boards? If they were sent direct, will Government kindly state why Code Rules have not been observed in this case?

## APPOINTMENT OF MUHAMMADANS IN THE EDUCATION DEPARTMENT OF THE DELHI PROVINCE.

932. \***Maulvi Muhammad Yakub:** (a) Is it a fact that during the year the following new appointments paid from Government revenues were



made either directly under the Superintendent of Education or under the Superintendent of Education as *ex-officio* Chairman?

Secretary, Board of Secondary Education . . . . .	Mr. H. H. L. Chablani . . . . .	Hindu.
Head Clerk of the Board . . . . .	Mr. Narain Das . . . . .	Hindu.
Second Clerk of the Board . . . . .	Mr. Anand Bihari . . . . .	Hindu.
Second Clerk of the Office of the Superintendent of Education . . . . .	Lala Bhim Sen . . . . .	Hindu.
Government New Cantonment School, Delhi Cantonment . . . . .	Lala Ram Sarup . . . . .	Hindu.
Government New Cantonment School, Delhi Cantonment . . . . .	Lala Devi Dayal . . . . .	Hindu.

(b) Is it a fact that not a single Muhammadan has been appointed during the year to a post paid from Government revenues?

(c) Will Government kindly state if in making these appointments, the assurance given by the Education Secretary in his answers to my questions as well as to the supplementary questions by Nawab Sahibzada Sir Abdul Qaiyum in clearest terms that "the Chief Commissioner has promised that these matters will receive his careful attention" has been duly respected? If it is not, do the Government propose to take any measures to get its assurance given on the floor of this House respected by the Departments under it?

#### APPOINTMENT OF A HINDU AS SECOND CLERK IN THE OFFICE OF THE SUPERINTENDENT OF EDUCATION, DELHI.

933. \*Maulvi Muhammad Yakub: (a) Is it a fact that a post of second clerk fell vacant in the office of the Superintendent of Education, Delhi, owing to the termination of services of a Christian clerk, in the month of October 1926?

(b) Is it a fact that a deputation of the leading Muslim gentry waited upon the Honourable the Chief Commissioner of Delhi with their grievances and urged the appointment of a Muhammadan to the second clerkship then vacant?

(c) Is it a fact that the Chief Commissioner listened to the grievances of the Muhammadan deputation and promised to look into the matter?

(d) Is it a fact that this post of second clerkship was never advertised in any newspaper, whether English or Vernacular, and no other means to its publicity was resorted to?

(e) Is it a fact that notwithstanding any publicity about a dozen Muhammadans applied for it? Is it also a fact that one of them (Mahommed Masood) was a B.A. Honours, another (H. Mohammed Hussain) an Accountant with considerable experience of office work and submitted his testimonials to the effect? Is it a fact that all of the Muhammadan applicants belonged to Delhi city proper?

(f) Is it a fact that the post was not given to any Musalman but Lala Bhim Sen was imported from the North West Frontier Province for appointment as second clerk?

(g) Is it a fact that this Lala Bhim Sen was only a Matriculate? Is it also a fact that this Lala Bhim Sen was much above the age limit prescribed by Government (25 years) and this age limit was clearly controverted in his case?

(h) Are Government prepared to take any steps in regard to this appointment?

PAUCITY OF MUSLIM TEACHERS IN THE DELHI PROVINCE.

984. \*Maulvi Muhammad Yakub: (a) With reference to the reply given by Government on the 24th March, 1926, to my question No. 1887 (d) regarding the paucity of Muslim teachers that the reason was the want of suitable candidates, is it a fact that to obviate this reason the Anglo-Arabic College Committee passed a resolution to open J. V. classes and approached the Government to recognise the J. V. class for the training of teachers which they contemplated opening?

(b) Is it a fact that Government refused to accord recognition?

(c) Is it a fact that in the Punjab and elsewhere such local efforts were encouraged and at Lahore besides the Government Central Training College, there are training classes attached to the local Islamia and D. A. V. Colleges?

(d) Will Government state the reason for refusing to accord sanction to the recognition of the class to be attached to the Anglo-Arabic College?

SANCTION OF A GRANT FOR THE MOYYAD-UL-ISLAM ORPHANAGE AND MIDDLE SCHOOL, DELHI.

935. \*Maulvi Muhammad Yakub: (a) Is it a fact that an organisation, Dalit Uddhar Sabha, (or the Society for the Reclamation of the Depressed Classes) was lately organised at Delhi?

(b) Is it a fact that Government have sanctioned a building grant of Rs. 3,000 to this Society for a school started by the Society?

(c) Is it a fact that a Moyyad-ul-Islam Orphanage and Middle School applied for a building grant?

(d) Are Government cognizant of the fact that no non-recurring grant has been given to any Muhammadan school during the year?

(e) Do Government propose to sanction the grant to the above school?

NAMES OF CANDIDATES SENT TO THE CENTRAL DRAWING COLLEGE AND MEDICAL COLLEGE, LAHORE, FOR TRAINING.

936. \*Maulvi Muhammad Yakub: Will Government kindly now give the names of candidates sent to the Central Drawing College and Medical College, Lahore, for training during the last five years?

AWARD OF SCHOLARSHIPS TO STUDENTS OF THE DEPRESSED CLASSES IN THE DELHI PROVINCE.

937. \*Maulvi Muhammad Yakub: (a) Is it a fact that the Government award scholarships to the students belonging to the depressed classes in the Delhi Province?

(b) Will the Government kindly lay a statement showing the award of these scholarships to various depressed classes giving the castes and creeds of the recipients for the last two years?

REPRESENTATION OF MUSLIMS IN THE EDUCATION DEPARTMENT OF THE  
DELHI PROVINCE.

988. \***Maulvi Muhammad Yakub:** (a) Is it a fact that in reply to a question No. 1366 asked by me on the 22nd March, 1926, the Government stated that they were not aware of the issue of a letter to the educational authority regarding representation of Muslims in the Delhi Education Department?

(b) Is it a fact that a letter No. 8197-Edn., dated the 14th May, 1915, was issued to the Inspector of Schools, Ambala Division, the then educational authority for Delhi, with a copy of it sent to the Deputy Commissioner, Delhi?

(c) Is it a fact that according to this letter Muslims in the Delhi Educational Department then had a share of 17 per cent. of the appointments in the District and Municipal Boards against their then population of 31 per cent.?

(d) Is it a fact that the effect of such instruction of the Administrative and Executive Head of the Province has been that the percentage of Muhammadan employees in the Municipal and District Board schools under the Department has been further reduced from 17 per cent. to 12.7?

(e) Will Government kindly state if the above letter was afterwards cancelled? If not, will Government kindly state what were the reasons for the further reduction of the Muslim employees in the Department?

**Mr. J. W. Bhore:** Government are not in possession of information which would enable them to reply to these questions, but they have called for it and on receipt, replies will be sent to the Honourable Member.

**Maulvi Muhammad Yakub:** Will Government be pleased to state for what purpose ten days are given to Government to make replies to questions?

**Mr. J. W. Bhore:** The Honourable Member will surely realise that the questions that he has put call for an enormous mass of detailed information. Directly the questions were received they were referred to the Local Administration. He must know that the Government of India cannot be in possession of detailed information regarding the matters he has raised, and a reply has not yet been received from the Chief Commissioner, Delhi.

EXTENSION OF THE TEXILA-HAVELIAN BRANCH OF THE NORTH WESTERN  
RAILWAY IN THE DIRECTION OF ABBOTTABAD, MANSERA, ETC.

989. \***Nawab Sir Sahibzada Abdul Qaiyum:** (a) Will Government be pleased to state if they contemplate extending the Texila-Havelian branch of the North Western Railway in the direction of Abbottabad, Mansera and Gari-Habibullah, in the Hazara District of the North-West Frontier Province?

(b) Has the survey of the line been sanctioned, and if so, how far the scheme has advanced?

**Mr. A. A. L. Parsons:** (a) and (b). Yes. It is proposed to carry out the survey during the next financial year.

IMPROVEMENT OF THE ROAD WHICH LINKS THE CIVIL AND MILITARY STATIONS IN THE GALLIS WITH MURREE.

940. \*Nawab Sir Sahibzada Abdul Qaiyum: (a) Are Government aware that Murree, the summer Headquarters of the Northern Army Command and the largest Civil and Military hill station in the North Punjab, has no good road leading to it from the Abbottabad side passing through the Gallis and that the public is put to great inconvenience and expense on that account by having to employ pack animals and coolies for transport purposes for about 85 miles?

(b) Is it a fact that the present road, which links all the Civil and Military Stations in the Gallis with Murree, is liable to floods and landslips from the hill-side and that the traffic is not infrequently interrupted in the rainy season?

(c) Do Government propose to improve the road for wheeled traffic?

Mr. E. B. Howell: (a) and (b). Yes, Sir.

(c) No proposals have as yet been submitted to Government.

EXTENSION OF THE KOHAT-THAL RAILWAY TO PARACHINAR IN THE KURRUM VALLEY.

941. \*Nawab Sir Sahibzada Abdul Qaiyum: Will Government be pleased to state if they propose to take up the project of the extension of the Kohat-Thal Railway to Parachinar in the Kurrum Valley; if so, how soon, and if not, why not?

Mr. A. A. L. Parsons: Government have had this extension under consideration for some time, but I am afraid I cannot say at present when it is likely to be taken up. For I understand that there are other projects which are both more promising and of greater importance to which precedence should be given.

Nawab Sir Sahibzada Abdul Qaiyum: Are Government aware that land was taken up for this project, a certain number of houses were built and a good deal of progress was made? May I know what has become of all that?

Mr. A. A. L. Parsons: I believe it is the case that we took up some land, but I do not know what the present position is with regard to its utilisation.

Nawab Sir Sahibzada Abdul Qaiyum: Will preference be given to this project on that account?

Mr. A. A. L. Parsons: I will look into the matter. I am afraid I am not very well acquainted with the details of this project.

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UNSTARRED QUESTIONS AND ANSWERS.

REVISION OF THE ELECTORAL ROLL FOR THE MADRAS LANDHOLDERS' CONSTITUENCY OF THE LEGISLATIVE ASSEMBLY.

185. Mr. K. V. Rangaswami Ayyangar: (a) Has the attention of Government been drawn to the action of the returning officer of the Madras Landholders' seat to the Assembly in issuing a Gazette revising the electoral roll of that constituency between the date of nomination and the date of scrutiny of nomination?

(b) Are Government aware that as a result of that revised roll after the final roll was published the nomination paper of a candidate was rejected?

(c) Do Government propose to make definite rules so that repetition of such revision may not occur?

**Mr. L. Graham:** (a) Any action taken by the Returning Officer in this connection was taken in pursuance of the action by the Government of India and the Government of Madras which I shall proceed to describe. On the 23rd September, 1926, the Government of India received a telegram from the Government of Madras informing them that an application had been made for the preparation, under sub-rule (6) of rule 9 of the Legislative Assembly Electoral Rules, of a list of amendments to the electoral roll for the Madras Landholders' constituency of the Legislative Assembly. In supporting the application the Madras Government referred to the recent change in the qualifications for entry on the electoral roll for this constituency which, in view of the nature of the qualification specified in paragraph 8 of Part I of Schedule II to the Legislative Assembly Electoral Rules, resulted from the amendment of Schedule II to the Madras Electoral rules by the omission of paragraph 20 thereof in consequence of the removal of the sex disqualification. It was obvious that so much of the electoral roll as related to the Malabar District registration area would inevitably be seriously incorrect if it were not revised in the light of this amendment of the qualifications and the Government of India considered that it was preferable to undertake the preparation of a list of amendments even at that late stage rather than to let the election proceed on a roll which would have been seriously incorrect. They accordingly issued the necessary direction under sub-rule (6) of rule 9 on the 24th September. The Madras Government in a notification of the same date fixed dates for the various stages in the preparation of the list of amendments, the last date for publication of the final list being the 5th October, while the dates for the nomination of candidates and the scrutiny of nominations were the 4th and 8th October, respectively.

(b) The Government of India have no information.

(c) The Government of India do not think that any amendment of the rules is required. The circumstances in this case were wholly exceptional, the necessity for preparation of the list of amendments having arisen from a very recent amendment of the Electoral Rules.

#### CONSTRUCTION OF A RAILWAY FROM RAJBARI TO JESSORE *via* MAGURA.

186. **Dr. A. Suhrawardy:** (a) Will Government be pleased to state:

- (i) Whether it is a fact that a railway line was proposed to be constructed from Rajbari to Jessore *via* Magura (Bengal)?
- (ii) Whether the initial survey of the line was made?
- (iii) Whether the Railway Board is going to abandon the proposal?

If so, what are the reasons for doing so?

(b) Are the Government aware that what inconvenience is felt for want of railway communication between the places mentioned above?

**Mr. A. A. L. Parsons:** (a) (i). Yes.

(ii) A survey for a line of railway from Rajbari *via* Kamarkhali to Jessore has recently been sanctioned.

- (iii) The proposal will be considered on receipt of the report.
- (b) Government have received no representations on the subject.

#### ASSISTANT INCOME-TAX OFFICERS IN THE PUNJAB.

187. **Mr. C. S. Ranga Iyer:** (a) Is it a fact that some posts of Assistant Income-tax Officers were sanctioned for the Punjab a few months ago? If so, how many?

(b) How many candidates have been taken in those posts up till now and what are their names and qualifications?

(c) How was the selection made?

(d) Are any posts still vacant? If so, how many?

(e) Did any B. Com. apply for the said posts? If so, how many?

(f) Has any B. Com. been taken? If not, why not?

(g) Do Government, in future, propose to give them preference?

**The Honourable Sir Basil Blackett:** (a) Yes. Four.

(b) to (f). The Government do not think it necessary to take special steps to collect this information. I may remind the Honourable Member that the appointment of these purely temporary officers to permanent posts will be subject to the approval of the Local Government.

(g) I invite the Honourable Member's attention to the reply that I gave on 16th September, 1924, to part (c) of his question No. 1995.

#### CLASS OF APPOINTMENTS PROVIDED FOR CANDIDATES WHO HAVE PASSED IN BOTH THE LOWER AND UPPER DIVISION EXAMINATIONS OF THE STAFF SELECTION BOARD.

188. **Mr. C. S. Ranga Iyer:** (a) Will Government be pleased to state whether a candidate who passes in both the lower and upper division examinations of the Staff Selection Board (as an outside candidate) and is first given a chance in the lower division, where he is made permanent, is not recommended by the Public Service Commission for the upper division in any other Department and he has to look to his Department for promotion in future?

(b) If so, do Government intend to alter this rule in future so as to allow the Public Service Commission to recommend a candidate to another Department even though he has been made permanent in the lower grade?

**The Honourable Sir Alexander Muddiman:** (a) The only upper division examination for outsiders, except the one that was held in November, 1926, and of which the results are not yet out, was held in 1920. The candidates who passed at that examination were asked to state whether they were willing to accept lower division vacancies. Those who accepted and were confirmed in the lower division were not offered appointments in the upper division of other offices, as vacancies which occur are mostly temporary and are usually of short duration and as it is impracticable to nominate for them men permanently employed in other departments.

(b) There is no rule preventing the Public Services Commission from recommending to an upper division vacancy a candidate who holds a permanent lower division post in another Department but for the reasons given any such recommendation would usually be ineffective.

**APPOINTMENTS IN THE CLERICAL SERVICE AND AS PROBATIONERS IN THE  
SUBORDINATE ACCOUNTS SERVICE UNDER THE ACCOUNTANT GENERAL,  
CENTRAL REVENUES.**

189. **Mr. O. S. Ranga Iyer:** (a) Is it a fact that recently the Accountant General, Central Revenues, invited applications from graduates for appointments in clerical services and for probationers in the Subordinate Accounts Service?

(b) Is it a fact that it was stated that the candidates should be M.A.'s, M.Sc., and other graduates who have taken degrees with Honours of any University in the Punjab, the United Provinces and the Delhi Province?

(c) Is it not a fact that the advertisement in question excluded B. Coms. for applying for those appointments?

(d) Are Government aware that B. Coms. are specially trained in Accounting and Auditing?

(e) If the answer to (d) is in the affirmative, do the Government intend to allow B. Coms. to apply for those posts in future?

(f) Why was it inserted in the advertisement that the candidates should be graduates of any University in the Punjab, the United Provinces & the Delhi Province?

(g) Was it meant to restrict the number of applicants from other Provinces?

(h) If so, has this method ever been applied in case of the Staff Selection Board Examination? If not, why was it applied in case of the Accountant General, Central Revenues office?

(i) Are Government aware that there are many candidates belonging to these very Provinces (Punjab, the United Provinces, Delhi) who have got foreign qualifications or qualifications of other Universities than the above mentioned?

(j) If so, do Government intend to allow the residents of these Provinces, without any regard to the University from which they have passed, to apply for the said posts in future? If not, why not?

**The Honourable Sir Basil Blackett:** The information is being collected and a reply will be sent to the Honourable Member in due course.

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**REPORT OF THE COMMITTEE ON PETITIONS REGARDING  
PETITIONS RELATING TO THE CURRENCY BILL.**

**Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): I beg to present the Report of the Committee on Petitions. These petitions relate to the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes. The number of these petitions is 304. As all these petitions are identical we have decided to treat them as one petition and have directed that it be circulated *in extenso* as a paper to the Bill. Sir, I present the Report.

# THE GENERAL BUDGET—LIST OF DEMANDS—contd.

## SECOND STAGE—contd.

### *Expenditure from Revenue—contd.*

#### DEMAND No. 18—SALT.

**Mr. President:** The House will now proceed to consider Demand No. 18.

**The Honourable Sir Basil Blackett** (Finance Member): I beg to move:

"That a sum not exceeding Rs. 87,27,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Salt'."

*Desirability of increasing the Consumption of Salt in India and of making India self-supporting in the matter of Salt.*

**Mr. C. Buraiswamy Aiyangar** (Madras ceded districts and Chittoor: Non-Muhammadan Rural): I have tabled a motion that the Demand under the head 'Salt' be reduced by Rs. 1,500.

In moving for a reduction of expenditure under this head I was obliged to do so because under the Government of India Act Rules and Standing Orders I cannot ask for an enhancement of the Demand. Strictly speaking, I would have been pleased if only I had been permitted to request the Government of India to enhance this Demand by Rs. 44,33,000, and I shall presently show what I mean by that enhancement. In the matter of nation-building, I should consider that a sufficient supply of salt for consumption by the population is one of the foremost things. On the other hand, the nation-building operations in this country are carried on by three processes. One is by reducing the consumption of salt as much as possible, the other is by distributing opium as freely as possible and the third is by advertising liquor on a large scale. The first two are done by the Government of India and the last has been transferred to the provinces as a transferred subject. I request this Government seriously to consider the value of enhancement of the consumption of salt as increasing the health of the population. To that end I will place before the House some figures about the growth of population. Comparing the census figures of 1911 and 1921 we find that the population in India has increased only plus 1.2, whereas in England and Wales it has developed by 5.03 per cent. In both countries there were in the interval the effects of war. Unless it be that from England and Wales a less number of people went to the War than from India, we cannot understand this difference or disparity in the increase of population except by the fact that in this country no steps are taken for improving the health of the people. To speak of Health Weeks, Baby Welcomes and other things—they are simply political shibboleths when really you are not caring for the health of the people and are not doing things which are calculated to improve the population. I therefore call the serious attention of the Honourable the Finance Member to this subject and ask him to make up his mind to spread the consumption of salt in various ways, of which one will come later on in the Finance Bill, namely, the reduction of the salt duty. But for the present I shall impress upon him the necessity for making arrangements for larger production of salt in this country than what has been done in the past. I have mentioned to you the figures of the development of population during the two census periods, 1911 and 1921. May I give you a few details.



which will go to show how intermixed the consumption of salt and the growth of population are. We find from the figures collected by the Taxation Enquiry Committee that in the Punjab the consumption is 10·26 lbs. per head, in Sind 10·41, in Rajputana and Central India 10·59, Bihar and Orissa 10·97, in the United Provinces 10·98, in the Central Provinces and Berar 11·56, in Bombay 13·94, Bengal 15·24, Burma 18·54, and Madras 18·88. Comparing these figures with the growth of population in some of these centres you will find that in Sind while it is 10·41 lbs. consumption the population has gone down by minus 6·7, in Bihar and Orissa while it is 10·97 consumption minus 1·4 is the growth of population, in the United Provinces while it is 10·98 lbs. consumption the population has decreased by minus 3·1 per cent., in Bengal while it is a little more than 15 lbs. consumption the population is plus 1·5, in Burma where there is a little larger consumption, that is, 18·54, the population has increased by 9·1, and in Madras where it is 18·88 lbs. consumption the population has gone up by 2·2. Dr. Ratan who is considered an authority on salt describes 10 lbs. as the quantity required, evidently not to maintain the body in health, but to keep the body and soul together. We find that in England the consumption is 40 lbs. per head, and in Portugal 35 lbs. per head, and with all that there is no salt duty there and free consumption of salt takes place. Now, I ask Government to consider this problem seriously and to see whether it is not necessary for them also to promote more consumption of salt in this country than what they have been allowing the people to do in the past. Sir, I will take not the extreme 20 lbs. for which Mr. Gokhale pleaded before Government and which was based on the authority of the highest medical officers, but I will take it at 15 pounds. Even calculating at that rate roughly the consumption of salt in this country must be 6 crores of maunds every year. Putting alongside of it the salt that is necessary for cattle and horses, as agriculturists would rather forego their own salt than deny salt to the cattle which they want to keep in good health, I would say that 7 crores at the very least are necessary to make provision for human beings, for cattle and for industries and other purposes. Therefore, Sir, I put it as a rough estimate that 7 crores of maunds will be necessary for production in this country, and I calculate 4 annas as the highest amount that is necessary for the manufacture of one maund of salt because I am aware that this Government is trained in the school of extravagance and will not leave its habits all of a sudden. Strictly speaking, the real cost per maund for production cannot be more than 2 annas but I put it at 4 annas. This Government is purchasing salt at 3½ annas per maund. Therefore, putting 4 annas as the total cost for production of one maund, I put the total cost for 7 crores at 1½ crores and therefore it is that I said that this Government can be justified in asking for 44 and odd lakhs more under this Demand only if they will satisfy the two conditions of mine. The first is, stop the imported salt. We find year after year salt is being imported to a country like India which is surrounded on all sides by salt seas, which has got salt mines, salt lakes and so many other sources of supply. Still my Bengali friends are not ashamed to eat Liverpool salt, the salt imported into Bengal from a foreign country.

**Mr. Amar Nath Dutt** (Burdwan Division: Non-Muhammadan Rural): Who says that Bengalis eat foreign salt?

**Mr. O. Duraiswamy Aiyangar:** The Taxation Committee says that.

**Mr. Amar Nath Dutt:** The non-Bengali population of Bengal use it and not the people of Bengal.

**Mr. C. Duraiswamy Aiyangar:** Mr. Neogy and Sir Walter Willson contended that the imported salt is white salt but the Madras salt is brown salt.

**Mr. K. Ahmed** (Rajshahi Division: Muhammadan Rural): The Madras salt is dirty salt, and the Liverpool salt is clean.

**Mr. C. Duraiswamy Aiyangar:** It cannot make him dirtier than he is.

**Mr. K. Ahmed:** I protest against this remark, Sir, because my Honourable friend seems to have gone beyond the limit by levelling a personal attack on me which is unparliamentary and unjustified

**Mr. President:** Order, order. The Honourable Member has invited this by his own remarks.

**Mr. C. Duraiswamy Aiyangar:** I consider it a great humiliation that this country should import salt from foreign countries when it can afford to produce all the salt that is necessary for consumption in this country and even export to other countries, if need be. My first suggestion is that the import of salt must be prohibited by a heavy import duty and the worst of it is that we find that in this country the duty on imported salt is the same as the excise duty on salt produced in India. Can anything be more shameful and more humiliating than this? There is a proverb in English which speaks about carrying coals to Newcastle. It is not so absurd as saying carrying salt to the Bay of Bengal. Sir, I invite this Government first to stop the importation of salt. If there be a man in this country who wishes not to eat the salt of this country, who does not want to be faithful to this country, I invite him to eat foreign salt with the higher imported duty than the duty levied on salt produced in this country.

**Mr. K. Ahmed:** I am sorry for the dirty salt and its taste.

**Mr. C. Duraiswamy Aiyangar:** With all the attempts that we human beings are making to imitate the West, we have not become white. But I assure you that by a simple process the Madras salt can be made as white and fine as the imported salt.

**Mr. Amar Nath Dutt:** Is the Honourable Member entitled to make any remarks about the complexion of a particular Member?

**Mr. C. Duraiswamy Aiyangar:** Sir, I refer to my own colour. They must not levy additional charges and I am afraid even the amendment of the Madras Salt Act is a step towards the enhancing of the salt tax. If these two conditions are satisfied, I certainly think that the production of salt in this country can be enhanced. One other question that I would place alongside this is the problem of unemployment. We find salt factories are being closed year after year. You will find in the budget demand under Madras a deduction of 40 thousand rupees on account of the closing of the salt factories. 30 per cent. of the salt consumed in this country is imported. On the other hand I would ask Government to develop these industries, create an additional number of factories all along the coast line, give more room for the employment of Indians and solve

the problem of unemployment. I will quote a passage from page 143 of the Taxation Committee report:

"The first point is one that affects any proposal for concentration of manufacture and consists in the fact that, both in Madras and in Burma, the manufacture of salt is in a large measure a subsidiary industry to agriculture. Though many of the holdings of the licensees taken by themselves are uneconomic, the manufacture takes place in the hot weather and gives employment to agricultural labourers at a time when there is little work in the fields. The necessity for such subsidiary employment is constantly being insisted upon as one of the chief economic necessities of India, and the existence of an industry that supplies it is a matter to be taken seriously into consideration in any proposals for concentrating manufacture so as to be able to place it on a sounder footing from a purely commercial point of view."

I hope Government will take this seriously into consideration and see that more employment is also created for the agriculturists in the off seasons, that more salt is produced in this country and better health is safeguarded and developed by this benign, benevolent Government. (Mr. K. Ahmed.): "By taking dirty salt?")

**The Honourable Sir Basil Blackett:** The Honourable Member who has moved this motion did not inform me or the House in advance what was the subject about which he proposed to speak. But I think he has raised two subjects. One is the desirability of increasing the consumption of salt in India and the second is the desirability of making India self-supporting in the matter of salt. His remedy on the first point, namely, to increase the consumption of salt is, I understand, to abolish the duty or to reduce the duty. I pointed out the other day that having regard to the present level of prices the salt tax at Rs. 1-4-0 a maund is at present less burdensome than the salt-tax at one rupee a maund before the War. Four annas of tax at the present moment means about a crore and a quarter of revenue. Having regard to the present position of the Government's Budget, I think it is obvious that we are not able to spare the revenue from salt at the present moment. We have a programme this year to get rid of the provincial contributions, and now that we know that 1s. 6d. is finally settled (Hear, hear.) (Mr. Jamnadas M. Mehta: "Not yet"), the question of the provincial contributions may perhaps be again referred to without my being accused of having some ulterior motive in mind other than the very desirable motive of getting rid of the provincial contributions. The provincial contributions are a first charge this year, and the time has clearly not come when we can make big efforts to deal with our taxation in the direction of reduction. So much for the general question of a reduction of the duty on salt. I have no doubt that this is not the last opportunity that I shall have of speaking on his subject this year.

With regard to the second question, that of making India self-supporting in the matter of salt, I informed the House last year that in accordance with the recommendations of the Taxation Inquiry Committee, the Government intended to appoint a special officer to inquire into the whole case with a view to considering whether there was a case to go before the Tariff Board. The special officer has been on duty and has just recently submitted a report. That report is under the consideration of the Government. We have not had any time to consider it yet. If there is a *prima facie* case, for the Tariff Board, the matter will be referred to them. At present I am not in a position to make any statement in regard to the probabilities in the matter. I would suggest that the Honourable Member should be satisfied with having raised this interesting point and should now agree to withdraw

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his motion and let the House proceed to discuss the other points under consideration.

**Sir Purshotamdas Thakurdas:** May I ask a question of the Honourable Member? Will the report of that special officer be published and circulated to Members of the Assembly when the Government have made up their mind about it?

**The Honourable Sir Basil Blackett:** I am not sure in what form the report has been made, but certainly either the report itself or the contents will be made known to the Assembly.

**Mr. President:** The question is:

“That the Demand under the head ‘Salt’ be reduced by Rs. 1,500.”

The motion was negatived.

**Mr. President:** Mr. Jogiah and Mr. Nilakantha Das have a motion for a cut of Rs. 1,500 each on the paper. I do not know whether they intend to move it.

**Pandit Nilakantha Das** (Orissa Division: Non-Muhammadan): I will move it, Sir.

*Manufacture of Salt on the Orissa Coast.*

**Pandit Nilakantha Das:** Sir, I think my Honourable friend, Mr. Duraiswamy Aiyangar, has perhaps covered a spacious ground and has dealt with points regarding the salt tax and subjects in connection with the coming Madras Salt Act (Amendment) Bill, has criticised the administration of the Salt Department and has hinted at various other things. I know my friends on this side are also very anxious to go to Army, Income-tax and Opium very soon. I shall therefore very briefly speak on the manufacture of Orissa salt in moving this amendment. Sir, the year before last I proposed a cut on this Demand for this particular item and pressed on the Government the necessity of reviving the manufacture of salt on the Orissa coast. In reply, there was something like a pious desire expressed that if anybody was willing to take the lease for manufacturing salt on the Orissa coast, the Government would be ready to grant it. I do not know if this readiness was expressed publicly or whether it was at all advertised in the papers. “If someone comes forward to take the lease”—I know that someone in Orissa will perhaps never come forward. My object was to ask Government either to manufacture salt on a monopoly system or induce and assist some capitalist to undertake the manufacture on the excise system. My object was to give subsidiary employment, as the Taxation Inquiry Committee rightly pointed out, to a vast number of people in the coastal tracts of Orissa, where moreover it is not only a subsidiary occupation of the people; but where, the land being subject to floods and droughts, practically this is the only occupation open to them.

When to-day I am speaking on this subject in this House, I am reminded of those tracts where just at this time a famine is imminent. This year on the Chilka coast on account both of flood and drought there was no paddy crop, and I read in the papers only the other day that from the beginning of March those people had taken to living upon a kind of grass, a grass and its root called *kanaka*. It may seem strange to many of my friends in this House for they are not in touch with the conditions prevailing in those tracts in Orissa, but it is a fact that 7 or 8 years ago the grass which the people were living upon was shown in the pre-reform local

Council in the time of Sir Edward Gait, and the latter kindly went to those tracts on a visit, to see with his own eyes how the people were living upon this grass. He was convinced, and so far as that year was concerned, he gave some lakhs of rupees. But that was no permanent relief. The permanent relief would be to give them their hereditary occupation. The Government are very careful about their revenue and their monopoly, but revenue and monopoly should not be the primary consideration. The consideration of the happiness and well-being of the people should be the first and primary consideration of the Government. In the finances of the Provincial Government there is a Fund earmarked for Famine Insurance. We approach the Local Government there in Bihar and Orissa to come to the rescue of these unfortunate people, and that Government say "We cannot give any subsidy for the salt industry, for that is a concern of the India Government." When we come here, the India Government say, "Famine, flood, we do not know about that, we are not concerned with that, that is the duty of the Provincial Government." It is very good to say such things at the Geneva Conferences when the restricted production of opium comes to be adopted; there perhaps it lies in the mouth of the British Indian Delegation to say that it is a provincial transferred matter thereby somehow to avoid international obligation. But it is perhaps not doing full justice to take the same plea here. Here, we do not expect to be told that it is a provincial matter, and again when we go to the provinces, they direct us to this Assembly, to this Central Government—and in the meantime those people are dying on the sands of the sea beach. For surely either of the two courses are now open to them; they will either die in their homes of starvation, or they will, if they can afford it, migrate to some foreign place where they will either be street beggars, or may by a stroke of fortune happen to find some labour.

I should like some of the Honourable Members responsible for this state of affairs in the Orissa coast some day to visit Orissa only for this purpose and to be convinced how far they are themselves responsible in bringing about famine, scarcity and homelessness in those tracts where salt was not only a subsidiary occupation of the people, but from time immemorial it was practically the only means of livelihood of the people in those coastal tracts. I press again upon the Government that those unfortunate people there are passing through a time of imminent famine and I hope the Government will see their way to consult the Provincial Government, if need be, and at least as an insurance against famine, with the assistance of the Provincial Government, if possible and if need be—everything is possible for the Central Government, there is no question of possibility or impossibility here, to be sure—to allow those people to manufacture salt or at least to allow them to manufacture salt for home consumption as in 1919 Sir Edward Gait actually did.

I trust that the usual plea may not be taken that those were the days of salt scarcity and high prices after the War, which induced Sir Edward Gait to adopt an emergency measure. It was in fact a famine time of very acute suffering like this and many other years in those coastal tracts when Sir Edward Gait allowed the people to enjoy their paternal occupation as a measure of relief, or, if I may say, is a measure of making amends, by directing the local official accordingly in this matter. With these few words, Sir, I press the motion on the Government.

**Mr. B. Das** (Orissa Division: Non-Muhammadian): Sir, in rising to support the motion moved by my friend Pandit Nilakantha Das, I am

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encouraged to bring forward such a proposition before this House in view of the very conciliatory closing remarks of the Finance Member in his budget speech. So far budget speeches of Finance Members have been all devoted as to how best to administer the executive machinery of the Central Government, and how to maintain law and order. But in that concluding observation in his last budget speech the Honourable the Finance Member remarked about the romance of surplus money in the hands of Ministers and Provincial Governments and their capacity to do so much for the masses by the extra money in their hands. He also observed that the *promotion of human happiness* in the provinces was also a matter of consideration for the Finance Member of this Government. Therefore I was encouraged to put in a cut for the purpose for which my Honourable friend Pandit Nilakantha Das also moved a motion just now. Sir, two years ago, on a similar cut this House discussed thoroughly the problem of the manufacture of salt in India; the Taxation Enquiry Committee which was then sitting, had not considered and worked out their scheme and yet we had an interesting debate to which Mr. Lloyd replied in this House. He said at the time that the Central Board of Revenue was considering various propositions about salt manufacture in India in order to make India self-supporting. A few minutes ago we heard from the Honourable Sir Basil Blackett that Government have not come to any definite conclusion about making India self-supporting in the matter of salt. But I understood he was going to refer the matter to the Tariff Board or some other body to consider the details of the scheme whether India can be self-supporting. But so far as I have understood the general recommendations of the Taxation Enquiry Committee, I think that the Committee was unanimous in its opinion that the Central Government should encourage salt manufacture not only by the monopoly system, which I find my Honourable friend Dr. Paranjpye has specially advocated, but also by giving licenses to petty manufacturers. In para. 179, page 146, they say:

“In places where manufacture by petty licensees is inevitable, leases of Government pans should one renewal be given on condition of sale of the whole or part of the produce to Government . . . .”

The Taxation Enquiry Committee thought that salt should be manufactured on large basis and also in small quantities by petty licensees to suit local conditions in any part of the coastal area of India. The main argument of Mr. Lloyd in that debate two years ago in the Assembly was that the Central Government was trying to centralise the administration of salt manufacture and collection of salt revenue in India and at the same time the Central Board of Revenue was trying to do away with interprovincial rivalry in the different provinces, that is to say, to make Bombay and Madras not compete with each other and with other provinces in the matter of salt manufacture. In the old days Bengal used to pay a duty of Rs. 5 per maund, while Bombay paid annas 8 to 10 per maund of salt. It is time that the Central Government should consult Provincial Governments and try to evolve the manufacture of salt on all coastal areas in India.

Now, I will come particularly to the subject under reference, that of salt manufacture on the coast of Orissa. Sir, I am particularly grateful to my Honourable friend Mr. Gaya Prasad Singh for having referred to this matter in his budget speech last week. It was very kind of him to think of his neighbours, but Biharis often complain that the people of

Orissa have been a burden on the Biharis. (Mr. Gaya Prasad Singh: "No, no.") I am glad to hear that it is not so. However, our complaint has been that the Government of Bihar and Orissa have taken very little interest in encouraging industries and in the economic prosperity of the people of Orissa. I find last week an interpellation was asked in the Bihar Council whether the Bihar Government was going to allow the manufacture of salt in the famine-stricken districts in Orissa and the Bihar Government replied that after 1919 to mitigate high prices due to War the Local Government of Bihar and Orissa obtained permission from the Central Government and allowed manufacture of salt free of duty for domestic consumption up to 1923 in the coastal districts of Orissa; in the year 1926 they obtained permission from the Central Government to permit manufacture of salt in certain parts of the Puri district where there was a famine and at present they are in correspondence with the Central Government as to whether, owing to the extreme condition of famine in Orissa, the Central Government would permit the manufacture of salt for domestic use in small quantities without duties on the Orissá coast up to the next rainy season. I do not know why the Bihar Government should at all ask for this charity from the Central Government. It is not a matter of charity. It is a matter of the existence of millions of human beings, if we are going to see that these people exist and they are not deprived of their means of livelihood by manufacturing salt that was one of their main industries and used to give a subsidiary income in summer seasons when the people had no other occupation. Although it was only manufactured in a very crude way, the *pungá* system, i.e., the system of boiling sea water and making salt out of it, yet the Central Government through the Bengal Government at one time used to derive

Rs. 20 lakhs as salt revenue from the Orissa coast. Supposing  
 12 Noon. my Honourable friend, Sir Basil Blackett to-day concedes to this demand and permits the manufacture of salt on the Orissa coast and derives 20 lakhs of revenue for the Central Government, it may cost Rs. 5 lakhs for the collection of that revenue. Think what an amount of material benefit, what an amount of human good can be done to those who will be employed in the manufacture of this earth salt. The total amount of money earned may be 5 to 10 lakhs of rupees for those people who will be employed in the salt industry to manufacture salt on the Orissa coast and 5 to 10 lakhs is not a small sum where the people do not earn more than an anna a day. In a House consisting of big financiers and a Treasury Bench, who do not know what an anna is, who always think of gold bullion and rupees, *an anna is nothing*, but in Orissa I know families who have not an income of more than an anna per diem and owing to the bad system of irrigation, of railway embankments, and other causes, Orissa is a land of perpetual floods and famine. And why do these floods happen? Because the rivers are not trained. I congratulate the Burma Government on accepting whole-heartedly the recommendation of the Burma Flood Enquiry Committee. If the rivers were properly trained, there would be no flood. When last year I raised the question of prevention of floods on the floor of this House in a debate at the budget time the Honourable Sir Bhupendra Nath Mitra said that irrigation was in the hands of the Local Government and the Central Government are not responsible for the neglect of rivers and their beds nor for the causes of floods whether it is due to the barrages of rivers or railway embankments, canal embankments or roadways. Nobody is responsible for nature's highways. The water comes from the hills and flows

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into the sea. To maintain the railways, Sir Charles Innes demands 60 crores of rupees for their renewal, and maintenance, but who is to train these natural highways wherein millions and millions of gallons of water flow into the sea during the monsoon? But what has been done? Man has dammed these rivers and the waterways are obstructed. The water cannot flow into the sea, and to-day if the surrounding villages, if the agricultural land is at a lower level than the river beds, and if during the floods the harvest is washed away, it is because the State takes no interest to train these rivers and their outlets to the sea.

**The Honourable Sir Basil Blckett:** May I intervene and ask the Honourable Member whether he should not take the rivers with a grain of salt?

**Mr. B. Das:** Oh, yes! the grain of salt is necessary for these famine-stricken people as a result of the floods, because you are not looking after and properly training the rivers.

Now I come to the grain of salt which the people of Orissa need very much. I shall put before the House a tale of woe and distress of these poor people living on leaves and grass which is really heart-rending. I will refer to a case which happened only a month ago. It is the story of an old man and a young man who had their land washed away by floods; they had no grain to live upon. They had not eaten a full meal of rice for days and days. Leaves and roots from fields were their only food. They gathered some leaves and boiled them for their mid-day meal. They collected a little salt water but of which to make some salt so that they could make palatable this princely meal. What happened? Out comes the Excise Inspector and gets hold of these men, one an old man, sixty years old who was so weak and famished that he was incapable of moving about. These two men were fined by the merciful Sub-divisional Officer of Balasore, Rs. 10 for making salt out of sea water. Of course the Orissa Members of the local Council were very alert. They called upon the Local Government for an explanation and in reply to an interpellation the Local Government said that they had excused those two people the fines of Rs. 10. What noble administration of justice in that province! What a humane Government!

**Mr. K. Ahmed:** But they were making themselves rich by smuggling salt!

**Mr. B. Das:** Mr. Kabeer-ud-Din Ahmed would not understand what it means to use a little sea water to make a little salt in order to make the leaves and grass palatable for human food. That is the condition in Orissa. There are floods all over Orissa, and scarcity and famine, and I appeal to the Members in the cause of human charity to permit these people to manufacture salt for domestic consumption free of duty only during the period of the summer season. They will have some sort of occupation. Why have you killed this national industry of the Orissa people? Bombay can manufacture salt in a bigger way, can produce lakhs of tons; but you have to understand the local situation, the local conditions of the people if you intend to contribute some human happiness to the distressed multitude in Orissa. There is no other subsidiary industry and other ways of income, unless it is spinning and weaving which has recently been introduced by Mahatma Gandhi. I am afraid spinning has not yet taken its old place



and it has not yet brought that additional income to every family budget that was anticipated. But the Government, which is responsible for killing this subsidiary industry that used to bring an income in the summer when people have no other sources of livelihood, ought to consider that the time has arrived when the economic distress of the people in different localities ought to be considered, and the tariff wall in regard to the manufacture of salt, and the excise wall should be removed, to enable these people to have some income to keep their body and soul together.

I hope the Honourable Sir Basil Blackett will tell us what reply he has given to the Bihar Government in regard to their correspondence concerning the manufacture of salt on the Orissa coast, especially for domestic consumption, without any duty, without any tariff. I hope the Honourable the Finance Member will tell me what he is going to do for the coastal people of Orissa, who for years, for centuries and centuries, evolved that process of manufacture of salt by the *pungā* system. It may not be a big income to the people, it is only a slight income but a very necessary earning during the summer season where famine and scarcity are the order of the day. I hope he will consider that the happiness of the people is as much primarily the duty of the Finance Member as that of the maintenance of the army or of law and order. With these few observations I move my cut of Rs. 100 with regard to the manufacture of salt on the Orissa coast.

**Mr. Varahagiri Venkata Jogiah** (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, my object in proposing the motion that stands in my name, namely:

“That the Demand under the head ‘Salt’ be reduced by Rs. 1,500”

is to speak about the policy of Government in not giving the people throughout India the means of obtaining salt at a very cheap rate. Salt, Sir, as has already been said, is one of the prime necessities of life . . .

**The Honourable Sir Basil Blackett:** On a point of order. Had we not better get rid of this particular cut first?

**Mr. President:** The Honourable Member must know we are discussing the question of the manufacture of salt on the Orissa coast, and, unless that is disposed of, we cannot take up another matter which the Honourable Member desires to introduce.

**Mr. Varahagiri Venkata Jogiah:** I do not want to speak on that motion.

**The Honourable Sir Basil Blackett:** Sir, I do not think the House desires me to enter into a long history of the manufacture of salt in Orissa. I said a few words when I spoke just now on the general question of the protection of salt in India. Of course the great difficulty is to know whether it is really an economic proposition that you should increase the price of salt in certain parts of India and produce inferior salt by excluding imported salt, thereby probably preventing certain people in other parts of India from producing for export, or whether it would be more economic for India to import salt than to produce salt in places where nature does not assist that process. In the case of Orissa the difficulty is even greater. The salt manufacture in Orissa has been killed by the opening of communications. The salt produced there cannot compete either with the salt produced in Madras or with the salt that comes in through Bengal . . .

**Mr. B. Das:** Not for domestic consumption?

**The Honourable Sir Basil Blackett:** It cannot compete if it pays duty. The proposition really that is put before us by the two Mr. Dases is that we should protect the salt of Orissa against the salt from other parts of India. That is what the proposition really comes to. It comes to this, that you should put on a special protective duty for a particular part of India against salt from other parts. If there were no salt duty, the position would be the same. Salt produced in Orissa would not compete with salt brought in from outside . . .

**Mr. B. Das:** May I suggest . . .

**The Honourable Sir Basil Blackett:** The Honourable Member has made quite a long speech and I think the House really desires that we should come to an end of this particular discussion. The Government of India are perfectly prepared to consider any proposal for the production or manufacture of salt in Orissa which is economic, but that they should protect the production of salt in Orissa by a reduction of the duty, so that it is protected against other parts of India is a proposition which I submit has only to be put before this House for them to reject it. I think there is no desire in this House to start a system of provincial protection, protecting one province against another. Everybody must have felt sympathy with the really serious difficulties which the Government of Bihar and Orissa and the inhabitants of the Orissa province are suffering from at the present time, but I do submit that the way to remedy those is certainly not to start a system of an internal customs line between Orissa and the rest of India, which is really what this proposal comes to. I assure the Honourable Member that this matter has been considered by the Government of India with full sympathy, but they do think the time has come when economic facts, to use my Honourable friend Mr. B. Das's expression, should be considered, and the idea that you can help the people of Orissa by protecting their salt against the salt of Madras ought to be dropped and we ought to realise that that is not the way for the economic protection of India . . .

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran: Non-Muhamadan): Why do you not allow the people of Orissa to manufacture salt on the sea coast for domestic use? That is the point.

**The Honourable Sir Basil Blackett:** I have already answered that. If we allow them to manufacture salt, duty free, it would undoubtedly compete with duty-paid salt from elsewhere, but it is without any power to compete with salt that has paid equal duty from other parts of India.

**Pandit Nilakantha Das:** Will the Government of India be pleased to see their way to make salt manufacture on the Orissa coast a special case?

**Mr. B. Das:** May I just inquire . . .

**Mr. President:** Order, order. The question is:

"That the Demand under the head 'Salt' be reduced by Rs. 1,500."

The motion was negatived.

**Mr. Varahagiri Venkata Jogiah:** As I have been submitting, Sir, salt is an important necessity of life. It is a commodity which cannot be dispensed with by men or cattle. It is necessary even for land. Medical men have given it as their considered opinion that the average amount of salt that is necessary for healthy human existence is 20 lbs. per head per annum. In England the average consumption of salt per head per annum is said to be 40 lbs., whereas, in India, it is stated to be 10 or 11 lbs. Even this average does not apply to the poor. It is the rich and the middle classes that purchase salt, even when it is a little higher in price; but, when you get to the poor you find the average consumption is as low as 7 or 8 lbs. This is certainly a very horrible state of affairs.

Political economists like the late Professor Fawcett have stated that a commodity like salt ought not to be taxed, except under very special circumstances, such as during war or when the Treasury is empty, but not at times when the budget shows surpluses. It is within our experience, Sir, that, whenever there is a reduction of the duty on salt the consumption of salt increases in this country, and *vice versa*.

It is indeed an irony of fate that in India, which has a large seaboard, people are not allowed to manufacture salt in quantities large enough to supply at least the average that is necessary for the poor to consume. The Government of India have said it is their policy to give the people of India the means of obtaining an unlimited supply of salt at a very cheap rate, but the Government of India has often admitted the necessity and the bare justice of reducing the duty on salt to its very lowest limits. Successive Secretaries of State and Finance Members have stated that the reduction of the duty . . . .

**Mr. President:** Order, order. What is the point that the Honourable Member wishes to raise?

**Mr. Varahagiri Venkata Jogiah:** That it is the policy of the Government to supply salt at a very reduced rate.

**Mr. President:** If the Honourable Member proposes that the rate of the salt tax should be reduced, he can do so more properly under the Finance Bill and not under Demands for Grants.

**Mr. Varahagiri Venkata Jogiah:** Then I shall reserve my remarks for the discussion of the Finance Bill.

#### *Grievances of the Miners of the Khewra Salt Mines.*

**Raja Ghazanfar Ali Khan** (North Punjab: Muhammadan): I beg to move:

“That the Demand under the head ‘Salt’ be reduced by Rs. 10.”

Sir, though this subject is quite new to the House, I have been bringing it to the notice of the Honourable the Finance Member for the last two years, and, although he promised to make an enquiry and to redress the grievance, I am sorry to say that nothing has been done so far. \* I shall be very brief in giving an idea of the whole question to this House. I will shortly describe how the labourers employed in the Khewra Salt Mine, which, by the way, is probably one of the biggest mines in the world, are different from ordinary labourers. Their ancestors owned these mines before they were occupied by the British and these people have been doing this work for a very long time. In 1919 or 1920, there was a strike at Khewra as there were strikes all over the country. Although

[Raja Ghazanfar Ali Khan.]

that strike lasted for a very short time—only three or four days—yet the Manager, who was present there, thought that he should find out some means of getting rid of the possibility of having any strike at all. So he decided to introduce machinery, thus replacing the labourers by machinery. My contention is that the machinery costs more than the ordinary labourer, while it has unnecessarily thrown out of employment a number of miners who have been working there for a very long time.

The second thing that I want to place before this House is that in this Budget the Government ask for Rs. 25,000 to purchase conveyors, a sort of machine, to replace the female labour at Khewra. As far as I am aware there is a very strong desire at Khewra that female labour should not be stopped. On medical grounds I think the labour in those salt mines is not at all unhealthy in any respect. The way how those people work in the mines is that a small chamber in the mine is allotted to a family. The whole family, including small children, go inside the mines in the morning and work there very happily till evening. If only male members were to work then the wages which they get will be very small and it will be hardly possible for them to live upon them; since the work is at present done by all the members of the family, including females, they can just carry on. The present number of miners is 625 as compared with 728 in 1920. If female labour is stopped at Khewra the number will be reduced to 376 which will be a very great hardship for these poor people. Another point in this connection which I want to place before the House is that Khewra is a village where the only occupation of the villagers is the Salt Mines; there is no other occupation; so if the females are stopped from working, the result will be, that all the male members will go inside the mines and work there from morning till evening and the village will consist of only female members. This on many grounds—and I think the moral ground is one of them—the miners do not like. Therefore, so far as I know, even the officers on the spot at Khewra are opposed to the stopping of female labour.

The third point which I will bring to the notice of the Honourable the Finance Member in this connection is that during the last 3 years on account probably of careless working of the salt mines, a number of houses have collapsed suddenly; about 300 or say 200. Although fortunately no human life was lost, yet the property of the miners was sunk down, and so far no compensation has been given to any of those miners. They are very poor and I certainly think the House will agree with me that when they have suddenly lost all they had in their possession it is a great hardship for them to have to build new houses for themselves. The question of building new houses has been under the consideration of the Department for a considerable time. There are two alternative proposals, one of which is to construct the houses on the top of a hill at a considerable distance from the mines, and the other is to construct the houses on the plains near the railway station and near the mines where they have got other facilities such as being near a hospital, near the water-works and close to the school. The miners generally desire to have their houses in the plains but some official got into his head that these houses must be on the top of the hill, just in the interior of the hills, and so they are pressing the people to reconstruct their houses on the hill while the people strongly object to it.

Another point in this connection is that the Salt Department has acquired the whole area of land lying around these salt mines . . .

**Sir Walter Willson** (Associated Chamber of Commerce: Nominated Non-Official): On a point of order, Sir. The Honourable Member has tabled a separate motion about that.

**Mr. President:** The Honourable Member may take all the motions together if he so desires under one cut. The Chair has no objection.

**Raja Ghazanfar Ali Khan:** I do not wish to take all the motions now. I am not discussing the policy of land acquisition here but I am talking about the sites where these houses are being constructed.

**Mr. President:** If the Honourable Member wants to cut short the discussion, he may take all the points under one cut.

**Raja Ghazanfar Ali Khan:** Very well, Sir; with your permission I will finish all these cuts in one speech. I was talking just now about the reconstruction of the houses, for which the Government has acquired land in the area round the salt mines. The result is that wherever the miners may be asked to construct their houses, the Department wants them to give an agreement that the land will be owned by the Department and it will be at the sweet will of the officers to turn out those miners without giving them any notice at any time they please. I think this is a great hardship which neither this House nor any fair-minded person can agree to.

Another point in this connection is that a piece of land on those hills was allotted to some miners with a view to turn it into culturable land if they could do so. Now after spending an enormous amount of money in blowing up the stones from the land and making it culturable, the Department is pressing them to give an undertaking in writing that their position is that of mere tenants. This is very unfair.

Sir, then I come to the next point which I have got to make—the policy of land acquisition adopted by the Khewra Salt Mines. This Department acquired about 500 acres of land between the years 1920 and 1922; although my figure of 500 acres may not be correct and there may be some difference, yet roughly speaking it was a very big area. I do not know what was the object of the Department in acquiring that land, because they have so far not made any use whatsoever of it. On the other hand, my information is that there were stone quarries near the mines and whenever some miners were badly treated by the officers they would give up work in the mines and take to work in those stone quarries; and probably the Department thought that the best way to keep a hold on these miners was not to give them any opportunity of working in the stone quarries, and merely for this reason they acquired this big area of land. I would feel obliged if the Honourable the Finance Member would tell me why this land was acquired and why no use of this land has been made so far.

This brings me to my third point and that is about the working of these salt mines. Saltish water is pumped out from the mines and allowed to flow down into culturable lands in the plains, spoiling those lands and turning them into unculturable. This is a very serious trouble which villages near the Khewra Salt Mines are subjected to. Talking about my city itself, Pind Dadan Khan, thirty years back it was very famous for its gardens containing grapes and various other fruits. Now

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it can hardly produce even green grass. This is entirely due to the working of the mines. No attention has been paid by the Department to this thing, and the result now is that even the water in the wells is turning saltish and it is hardly possible for any human being to drink that water. I think it is the duty of the Department to go into the question very carefully and to help the inhabitants of Pind Dadan Khan city and other villages who have been adversely affected by the working of the salt mines. To deal with the water which they are pumping out of the mines, they should construct small channels, which will not cost them much, as the distance between the river Jhelum and the salt mines is only about three miles, and let the saltish water pass straight to the river without spreading on the culturable lands. That would save further damage.

In this connection I may bring to the notice of the Honourable the Finance Member that the Governor of the Punjab received representations from various people that it was impossible for any human being to live in the city of Pind Dadan Khan unless something was done to supply them with pure drinking water. His Excellency the Governor got an estimate prepared amounting to about Rs. 2,50,000 for a new water-works scheme. The Government of the Punjab have very kindly agreed to contribute half the amount towards this new work and the municipality has been asked to contribute the other half. The municipality is very poor—it has an income of about only Rs. 30,000 or Rs. 40,000 a year, and it is impossible therefore for the municipality to pay anything from its income. I think it is the duty of the Government of India, who derive a very enormous amount of revenue from the Khewra Salt Mines, and who are, if not directly at least indirectly, responsible for turning this sweet water saltish to pay at least half the amount which the municipality has been asked to contribute.

The last point I want to make is this. The district board of Jhelum,—the district is not a canal district,—is poor and has a very small income. They proposed to levy a certain tax on the minerals. They have already levied a tax on incomes of over Rs. 200 a year; they wanted to levy a tax on the salt which is exported from Khewra because the main source of income of the Jhelum district is salt. I think the Honourable the Finance Member knows it because in his speech in the last Session at Simla, while speaking on the Taxation Inquiry Committee's Report, he made rather a slight reference to this proposal. He said that a case came to his notice recently in which the local authority proposed to put a heavy duty on goods exported from within its jurisdiction in an area in which the main export was salt. I do not find what objection he can possibly have if a local body taxes its exports, if they decide to do so. If there are any serious difficulties in the form that the Imperial Government feels that it will be encroaching upon its rights if the local body taxes salt, I am quite prepared to tell the Honourable the Finance Member on behalf of my district board, that they would be prepared to come to any reasonable terms if the Honourable the Finance Member would enter into correspondence with them through the Punjab Government. The presence of the Khewra Salt Range in the district is a natural phenomenon. The Honourable the Finance Member may say that the Department can hardly be responsible for the presence of the salt range there. But if the district suffers from the disadvantages which accrue from the presence

of the salt range there, I think they are equally entitled to take a share in the income or in the advantages which are derived by the Central Government from the salt mines. With these words, I trust that the Honourable the Finance Member will be kind enough to give his best attention to all these points which I have brought to his notice and if he is prepared to appoint a small committee—I leave the choice of the committee entirely to him,—whether it should be entirely a departmental committee or whether it should include one or two non-official Members or whether it is appointed after consultation with the Governor of the Punjab—I shall be satisfied: but nothing less than that will satisfy me.

**The Honourable Sir Basil Blackett:** Sir, Raja Ghazanfar Ali Khan knows so much about the Khewra Salt Mines that any attempt in this House to give him a reply would, I think, develop into a rather longer argument than the House is at the present moment prepared for. I should like to acknowledge here the many obligations under which the Department stands to the Raja Sahib for the interest he has taken in this matter and in the interests of the salt miners at Khewra. He is a doughty champion in their behalf, and though in certain circumstances his interests and the Salt Department's interests seem to conflict, we have nothing but admiration for the courage with which he presses their case.

On the last point I think that his enthusiasm is carrying him a little too far. Is a district board in whose territory the Khewra Salt mines lie to be allowed to impose an export tax payable by the consumers of salt in other parts of India, presumably the only limit of the productivity of the tax being the amount of duty that the Central Government is prepared to lose in order that it may be paid to the district board of Jhelum? I should also dispute his point that the district board suffers from the presence of the Salt Department. There is a balance to be struck on both sides. There are very considerable services rendered by the Salt Department to the district board and *vice versa*; but I am not sure when you take into account the dispensary and the roads and so on that are maintained by the Salt Department that it would be found that the balance of advantage is really not on the side of the district board. However, that is only one point. The first point raised the question of female labour. I gather that a final decision has not been taken in that matter, but in accordance with the policy accepted by this House of the reduction and eventual abolition of the employment of female labour in mines there is obviously a difficulty in the Government of India in its interest as a salt manufacturer standing out and insisting that female labour shall be employed in a mine which is worked by the Government of India. At the same time I am prepared in regard to this case and in regard to all the points that have been raised by the Raja Sahib, in order to shorten discussion here, to make him an offer. I would suggest that as soon as we can possibly manage it he and I should get together with the Commissioner of the Northern India Salt Department and a member of the Central Board of Revenue and go into these points in detail and see if we can arrive at some agreement as to the steps to be taken. I do not want to hold out hopes that we shall be able to do some of the things that he suggests, because, as I say there are cases in which I think there is a clear divergence of interests; and while he is perfectly entitled to his opinions, as we are entitled to ours, we cannot be expected to accept all he has said. But I am most anxious that after the interest that he has taken in this matter, he

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should feel that that interest is not wasted, and I will give him as much time as I possibly can in going into the whole question as soon as it is possible to arrange a meeting of the kind that I have suggested.

**Raja Ghaznafar Ali Khan:** May I ask two questions Sir? Will the Honourable the Finance Member be prepared to include one official member of the Punjab Government? The second question is, does the Honourable Member know that the Department has already increased the price of salt by six pies, though it is temporary, and how it affects the consumer if the district board charges 6 pies per maund?

**The Honourable Sir Basil Blackett:** As regards the last point, I think the recent increase in the price of salt was the result of the commercial accounts which showed that we were not charging the full manufacturing price, that is to say, we were charging really something less the duty

As regards the former point, I will certainly take it into consideration, and if the Punjab Government have no objection, I think it might probably be arranged.

The motion was, by leave of the Assembly, withdrawn.

**Mr. K. Ahmed:** Before we proceed further, may I point out to you, Sir, that if you allow unlimited time to Honourable Members to speak, we shall not be able to deal with all the demands. That has been our experience. I therefore beg to suggest, Sir, that you should fix a time limit, say five minutes or even less than that. Last year, Sir, the same thing happened and before we could hardly finish half the number of Demands, the guillotine was applied, with the result that important matters could not be dealt with. I therefore wish to make the suggestion, Sir, for your consideration that you should fix a time limit.

**Mr. President:** The Chair has considerable sympathy with the suggestion made by the Honourable Member. It is no doubt a very valuable suggestion, and I would commend it to the Honourable Members of the House. The Chair is powerless in that matter.

The question is:

"That a sum not exceeding Rs. 87,27,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of 'Salt'."

The motion was adopted.

#### DEMAND No. 38—ARMY DEPARTMENT.

**The Honourable Sir Basil Blackett:** I beg to move:

"That a sum not exceeding Rs. 5,89,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1928, in respect of the 'Army Department'."

**Mr. Chaman Lal** (West Punjab: Non-Muhammadan): Sir, I beg to move that the Demand under the head Army Department be reduced by Rs 5,89,000 . . . . .

**Mr. G. M. Young** (Army Secretary): On a point of order, Sir. The reduction which the Honourable Member is proposing is the exact amount of the Army Department Budget.



**Mr. President:** The Honourable Member knows that his motion is practically for the total omission of the whole grant, and the Chair has already ruled that motions for total omissions of grants are out of order. The only course open to the Honourable Member under the circumstances is to oppose the whole Demand when it is put to the vote at the end.

**Mr. Chaman Lall:** May I point out, Sir, that the whole grant is much larger than Rs. 5,89,000.

**Mr. President:** Yes, if votable and non-votable parts are taken together, but no Demand has been made for the non-votable part. Sir Hari Singh Gour raised a similar question the other day.

**Sir Hari Singh Gour** (Central Provinces: Hindi Divisions): I was never heard on that point.

**Mr. Chaman Lall:** Am I entitled to oppose the whole grant now, Sir?

**Mr. President:** Not until all the cuts have been disposed of.

*Report of the Auxiliary and Territorial Forces Committee: University Training Corps.*

**Pandit Hirday Nath Kunzru** (Agra Division: Non-Muhammadan Rural): Sir, I move that the Demand under the head Army Department be reduced by Rs. 10,000.

(An Honourable Member: Rs. 1,000).

**Sir Hari Singh Gour:** There are two motions, and you can move them together.

**Pandit Hirday Nath Kunzru:** I cannot move them together.

**Sir Hari Singh Gour:** Yes, the Chair has so ruled.

**Pandit Hirday Nath Kunzru:** Sir, I propose to confine this motion only to a discussion of the issues dealt with in the Report of the Auxiliary and Territorial Forces Committee, and questions affecting the University Training Corps. The question of general policy and the non-publication of the Skeen Committee's Report I shall take up when I move my second motion.

Sir, the Auxiliary and Territorial Forces Committee was appointed in consequence of a discussion in this House in 1924 to make suggestions for the improvement and expansion of the Indian Territorial Force and for the removal of all racial distinctions in the constitution of the non-regular military forces in India including the Auxiliary Forces. I will not go at length into the recommendations of this Committee, but I would point out that its most important recommendations were those which related to the formation of urban battalions and the form of commissions which should be issued to officers of the Auxiliary and Territorial Forces. These were the two main recommendations which, if carried out, would remove a great deal of the racial distinction existing at present between the Auxiliary and Territorial Forces. In regard to the expansion of the Indian Territorial Force, the Committee had several suggestions to make. There were some which could be carried out immediately; there were others which could be carried out in the near future, and there were still others which were to be carried out a little later, the Committee hoping that it would be possible to carry out the recommendations in the last category within four years of the putting into effect of their recommendations as a whole.

[Pandit Hirday Nath Kunzry.]

Now, among those which could be carried out immediately were those relating to the formation of electrical and mechanical companies, mechanical transport sections and railway, medical and veterinary units. The recommendations which could be put into effect in the near future related to the formation of signal sections, pioneer companies, and army troops companies of sappers and miners. As the House is aware, Sir, Indian opinion attaches a great deal of importance to the formation of cavalry and artillery sections in the Indian Territorial Force. The Auxiliary and Territorial Forces Committee, while not recommending an immediate beginning in this direction and proposing certain steps which would add to the efficiency of the Territorial Force were "sanguine enough to hope that, without departing from the conditions which we propose, a beginning may be made with a few squadrons of cavalry and a battery of artillery within the next four years." Now, this Report, Sir, was published, I believe, in February 1925. If the recommendations had been carried out promptly, then within two years we might have seen the formation of cavalry and artillery sections in the Territorial Force. But so far, we do not even know whether any of the recommendations of the Committee have been approved by the higher authorities.

The principal recommendations of the Committee, however, related to the University Training Corps. To indicate to the House the value they set on the training given in the University Training Corps, I would briefly quote one or two passages from the Report of the Committee.

"We recommend"

—said the Committee:

"that the University Training Corps be viewed as the foundation stone of the National Army and that no artificial limit should be set to the expansion of these Corps, every encouragement being given for the formation and development on sound lines of fresh contingents in all Universities and Colleges where they do not already exist."

Later on, in the course of the same Report, we come across the following statement:

"We envisage the University Training Corps of the future not only as a school training the young idea in elementary military matters but as the recognised recruiting ground for officers, non-commissioned officers and men of the Indian Territorial Force and later also as a potential source of supply of candidates for commissions in the regular Indian Army."

In order to strengthen the University Training Corps, the Committee suggested the establishment of Cadet Corps in all schools in India, though they know that this was a step which could not be given effect to all at once. Now, Sir, this being the importance of the University Training Corps, I would like to ask the Government what steps they have taken to encourage admission into these Corps, and to make University students feel that by receiving training there they would be qualifying themselves for responsible positions in the military administration of their country hereafter. The Committee suggested that, so far as possible, officers for the Territorial Forces should be selected from those who had received training in the University Corps, and further recommended that those who had completed the course for the University Training Corps should be entitled to a proportion of marks in the competitive examination for Sandhurst. Sir Sivaswamy Aiyer, I believe, pointed out in this House soon after the

publication of the Report that the recommendations relating to the University Training Corps could probably be given effect to without waiting for the sanction of the higher authorities, and as that statement was not contradicted, I thought that he stated the actual facts of the situation. But so far from these recommendations being carried out, we find that in practice the University Training Corps are discouraged in many ways. In the first place, Sir, although armouries have been constructed at Benares, Allahabad and other places, I understand that the Corps have not been supplied with real rifles. They have been given D. P. (i.e., Drill Practice) rifles but they have been warned that they are not to be used for firing. When the time for the annual firing comes, the Training Corps receives a loan of rifles from the Auxiliary Force and as soon as the course is over, the rifles have to be returned to the Auxiliary Force. There is an apprehension, I understand, in the minds of the members of the Corps that they will not receive rifles in future even for the purpose of the annual firing. I do not know to what extent this fear is justified, but I know that it is widespread and it is entertained even by the officers of the Corps.

Then, Sir, the rifle ammunition—I am speaking now of the .303-bore rifles which are supplied to the Corps—is very insufficient. Every man is expected to fire 30 rounds for his annual course, and yet an allowance of 50 rounds per head only is made, that is, only 20 rounds are allowed for practice. Then, Sir, there are the .22-bore rifles which are very small things but are useful for the purpose of preliminary instruction.

**Mr. P. B. Haigh** (Bombay: Nominated Official): Very.

**Pandit Hirday Nath Kunzru**: I am glad that I have at least one Member on the side of Government in my favour. I should have thought that the .22-bore ammunition, at any rate, would be supplied in adequate quantities, but even for the .22-bore rifle I understand only 20 rounds are allowed for practice. Now, surely, it is apparent that a great distinction is made—and a distinction which seems to be racial—between the Auxiliary Force and the University Training Corps. Why the University Corps should not be supplied with a rifle per head I do not see.

**Mr. K. Ahmed**: Because you may use them in the communal riots.

**Mr. Dharendra Kanta Lahiri Chaudhury** (Bengal: Landholders): Have you used them?

**Mr. K. Ahmed**: It is not the question of you and me.

**Pandit Hirday Nath Kunzru**: I may inform Mr. K. Ahmed (*Some Honourable Members*: "Don't take any notice of him.")—that these rifles will be kept in armouries and that they will not be easily available to the members of the University Training Corps. In the Auxiliary Force I understand that every member of the force has a rifle and that the Force, as a whole, has a certain excess of rifles over the number of men enlisted in it. I want to know why in this matter a distinction is made between the Auxiliary Force and the University Training Corps, and why it should not be removed at once?

Lastly, Sir, I have a suggestion to make, although I do not expect that it will commend itself to the military authorities. If the University Training Corps is really to be extended and the men in it are to receive higher training, I suggest—and it is the desire also of the more responsible members of the University Training Corps at any rate in these provinces—

[Pandit Hirday Nath Kunzru.]

that there should be a machine gun section attached to the Corps. I do not know whether there will be any technical difficulties in the way of carrying out this suggestion, but some of the officers of the Corps have

assured me that it can be easily put into practice. Had the report of the Auxiliary and Territorial Forces Committee been promptly given effect to, in all probability the suggestions that I have mentioned would have been carried out long ago. But while we are accused of impatience when we demand our rights, Government do not move readily even in such small matters as those which formed the subject of enquiry by the Committee whose report I am dealing with. No matter what the subject is that comes under their consideration it is kept hanging for so long a time that any improvements that are carried out lose all their force and half their efficacy. I remember some years ago Sir Harcourt Butler said in a speech which he delivered in the United Provinces that the present system of administration had been designed when questions of time did not enter into the consideration of Government at all. Things have changed greatly since then. Nevertheless, the wheels of Government move as slowly as they did before.

**Lieutenant-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): They want oil.

**Pandit Hirday Nath Kunzru**: My Honourable friend, Colonel Gidney, says that they do not move at all. I should be heartily inclined to agree with him there.

**Lieutenant-Colonel H. A. J. Gidney**: They want oil.

**Pandit Hirday Nath Kunzru**: It was suggested the other day that there was a great deal of pilfering in regard to oil going on in some of the Departments. So it does not seem to me that there is any lack of oil in the Government Departments. The question is one of the point of view from which the higher officers look at these things. They talk of their new angle of view, of the change in the angle of view, and yet even in comparatively unimportant matters they do not take action with the promptitude which we have a right to expect from them in much bigger matters.

**Dr. B. S. Moonje** (Nagpur Division: Non-Muhammadan): I rise to support the motion of my Honourable friend, Mr. Kunzru. He has emphasised the racial differences in the treatment of the Auxiliary and Territorial Forces from one point of view. I am dealing with the question from another point of view and emphasising much the same thing from a different standpoint. If we look at the numbers we find that a small community has been supplying an increasingly large number of people—33,000 and odd in 1924, 34,000 and odd in 1925-26, 36,000 in 1926-27 and 32,000 in 1927-28. The whole total amount on the Indian Territorial side comes to hardly 19,000 men. I have asked certain questions to which if replies had been given to me to-day my information on these points would have been more accurate, but I hope that the figures that I am giving are tolerably correct. As regards the money spent upon it, we find that on the Auxiliary Force a sum of Rs. 75 lakhs and odd was spent in 1924-25, Rs. 77 lakhs and odd in 1925-26, Rs. 74 lakhs and odd in 1926-27, Rs. 68 lakhs and odd in 1927-28, as against Rs. 29 lakhs and odd in 1924-25, 23 lakhs and odd in 1925-26, and Rs. 20

lakhs in 1927-28, on the Indian Territorial Force. These are the two matters which clearly bring out the kind of treatment which is being meted out on the one side to the Auxiliary Force and on the other side to the Indian Territorial Force. The difference is there and we have to account for it. It is not an accident. It is intentional and the intention is to be seen from the motives with which these two forces have been started. As regards the Auxiliary Force, the motive is stated in the report of the Auxiliary and Territorial Forces Committee to be this:

"The Auxiliary Force is an organisation of a peculiar nature based primarily upon the right of the European British subject residing in India to protect his life and property from possible attack and the principle is that it is better that that right should be exercised in a definite and organised manner having the sanction of law than as the wishes of private individuals may dictate."

Life and property to be attacked by whom? By the Indians. Is there not the British Government to protect the life and property of all of us? (*An Honourable Member*: "No.") If you say so, I think that it is the primary obligation by which the British Government justifies its existence in India to-day. If it is denied by the British Government then there are people who can take care of themselves. Now as regards the motive with which the Indian Territorial Force has been started I shall make a rather long quotation here. The then Commander-in-Chief, Sir Charles Munro declared:

"Our object in creating the latter (*i.e.*, the Indian Territorial Force) is to respond to the aspirations of those Indians who desire to see the formation of a second line to the Indian army."

The question here is not to protect the life and property of Indians from possible attack by other communities but to create a second line to the army which the British possess for keeping India under subjection. Sir Charles Munro further said that the object was to create a second line to the army to be used "in time of need", so that "the almost unlimited man power of India may be utilised to strengthen the military forces of the country on a scale commensurate with its vast population.". He further on said:

"The publication of the Bill which I am now about to introduce will I hope serve to give the Government the means of judging whether there is any real desire for military service on the part of the classes which have hitherto not been recruited."

Whether there is a desire or not on the part of the people I propose to speak on it later on. He continued:

"and whether there is any reasonable prospect of creating a Territorial Force on popular lines, which, as a second line Army, would prove a real addition to the defensive power of India and make a new departure in the organisation of her armed forces."

The Report says: The first object is:

"an educational one, to create a national desire for patriotic military service and to afford opportunities for military training to a wide range of the manhood of India and so lay surely and solidly the foundation of a national army such as will be essential to India when in course of time she attains to full responsible government and takes upon her own shoulders the whole burden of her defence."

The second object is a military one:

"to provide a second line of defence to support the regular army in time of war. These two objects we have taken as the basis of our deliberations."

Now, these are the motives with which these two forces have been started. Now, what is the result that has been achieved? In the case of the

[Dr. B. S. Moonje.]

Auxiliary Force, larger and larger sums of money are granted to them, larger and larger numbers of people are recruited in their force, and in the case of the Indian Territorial Force, only high-sounding words of philosophy, ethics, and national education are uttered, but in point of material help less and less assistance is given. Of course if it were a question that the expenditure upon the Army is to be reduced, that would be perhaps the only situation in which the Government attitude would deserve consideration with the Members on this side. But why was the Indian Territorial Force alone singled out for the purpose? I find that year after year the money spent upon the Indian Territorial Force has been going down and down, and in the last year it has come to only Rs. 20 lakhs. What can be the reason of all this? On the one side it is suggested that perhaps the Government distrust us and that the Government are not sure of the loyalty of the people. On the other side, and generally on the Government side, it is suggested that it is the incompetence of the people that is responsible, that there is a want of desire in the people to take part in any military operations and to take their due share in the defence of India. If it is really due to distrust on the part of the Government about the loyalty of the Indian people, well, from one point of view there is no reason for me to complain of that. That is an indication that India has not yet accepted defeat from the English people, that India has still the aspiration, and cherishes the aspiration, that the time may come when India will have Swaraj. If distrust means that, I have no reason to complain of it. But there is this thing to be said as regards the character of the Indian people, that so long as they continue to remain under the British Government, and so long as that time does not come when all hope of getting Swaraj from the British Government had vanished, on the lines of compromise, on the lines of peace and friendship, until that time comes, there is no reason why the British Government should be in a mood to distrust the loyalty of the Indian people. When the time comes, nobody would ask them to supply the arms, nobody would ask them to impart education, and they would themselves exert their own strength for the maintenance of their Raj and we shall exert our own for establishing our Swaraj. And the Swaraj then will be in the lap of the future. If, however, it is incompetence, as put down by the Government, well, I have to say that India is still not incompetent, has never been found in history to be incompetent to defend her country. Here I may quote a few instances about the relative incompetence of the British people and the Indian people. We may say that, incompetent as we are to-day, the British people also have had the same experience of incompetency, (Mr. M. A. Jinnah : "In the past we were competent.") and India has never been found in history to be incompetent in the past and even to-day. If you will just allow me, I am going to read out and compare the competence of the British people when they were under similar conditions as we are under to-day, and to find out as to who are more competent. . . .

**Mr. President:** Order, order. The Honourable Member is straying away from the point. Let us confine this debate to the points raised by Pandit Hirday Nath Kunzru, namely, the Report of the Auxiliary and Territorial Forces Committee and the University Training Corps.

**Dr. B. S. Moonje:** With due deference to the Honourable President, I am just referring to the same thing—to the motives why there has been

such differential treatment as regards the Auxiliary Force and as regards the Territorial Force . . . .

**Mr. President:** I am afraid the Honourable Member cannot be allowed to go at length into the question of motives. He can refer to it in a general way as a reason. Unless we confine ourselves strictly to a discussion of the question before the House, it will not be possible for us to get through the business.

**Dr. B. S. Moonje:** Honourable Sir, I have not been going into the larger question about the whole military policy of the British Government. I am only saying unless we go and probe into the motives with which the policy as regards the Indian Territorial Force and as regards the Indian Auxiliary Force, has been put into operation, we shall not be able to understand why sufficient money has not been spent and sufficient men have not been recruited; and therefore I am just going to show from this point of view that if there is an idea that Indian people are not competent and therefore they cannot be had in sufficient numbers to be recruited in the Territorial Force and the University Corps, that point is wrong; and therefore I am saying that in history India has never been found to be incompetent, and in the present circumstances when it is under subjection, even now it is not more incompetent than the British people were under similar conditions.

**Mr. President:** It is a big question and is hardly relevant on this motion. The Honourable Member should confine himself to the question raised by the motion.

**Dr. B. S. Moonje:** That was exactly my point, Sir, but since it has not been allowed, I am not going to touch it. Since it has been ruled that I am not to speak upon the general policy on this subject, my purpose has been served by bringing to the notice of the House the differential treatment that is accorded to the Indian Territorial Force and the Auxiliary Force. The motive is there and perhaps I may have occasion to analyse the motive when the larger question of military policy comes up for discussion on the cut proposed by my Honourable friend Mr. Jinnah.

**Mr. Amar Nath Dutt:** Sir, I rise to support the amendment of Pandit Hirdav Nath Kunzru, because nothing has been done about the Territorial Force in Bengal and very little has been done with respect to the Calcutta University Training Corps. We, Bengalees, are generally told that we lack in fighting qualities. Of course this remark comes from those people who with the help of General Kalu won the so-called battle of Plassey, little more than a century and a half ago. I am not going to discuss the battle of Plassey. But, Sir, we know that there are still materials in our province, the Chuars, Domes, Bagdis and Bauris, descendants of those from the ranks of which Clive drew his army. We are now told that after 150 years, we have lost all our fighting qualities and are not fit to be . . .

**Mr. President:** Which paragraph of the Territorial Force Committee's Report is the Honourable Member referring to? Does he know that we are concerned with the Report of the Territorial Force Committee?

**Mr. Amar Nath Dutt:** Nothing has been done to form a Territorial Force in Bengal. And as regards the University Corps, I beg to submit

[Mr. Amar Nath Dutt.]

that it has proved to be very efficient as may be seen from the Report of the Esher Committee in which it is said:

"The Calcutta University Corps is the strongest in numbers and most forward in training. It appears that even with an insufficiency of officers and instructors . . . the corps has made healthy progress; the men have improved much in physique under the training, are quick to learn from European instructors (whom they prefer to Indian non-commissioned officers) are steadily overcoming the caste difficulties . . ."

Then again, Sir, my friend Dr. Moonje was referring to motive; I shall not do it. I shall read only one line from the Esher Committee's Report which will at once disclose why we are not given sufficient scope with respect to this Territorial Force, as also the University Corps. The Report of the Esher Committee says:

"Not only have we to bear in mind the risks that we run in organizing a force that may be used against us in one way or another, but we have to create or revive the necessary military qualities in a collection of different races, etc., etc."

Mark the words the risk they may run by the force being used against them, which has unconsciously come from the lips of some high officials who were examined by the commissioners. Here you will find the real reasons why nothing is being done. With these words I beg to support the amendment of the Honourable Member from Agra.

**Mr. G. M. Young:** Sir, I understand that the chief accusation which my friend Mr. Kunzru laid against us is the delay in giving effect to the recommendations of the Committee. He said that if Government . . .

**Pandit Hirday Nath Kunzru:** May I ask the Honourable Member to speak up?

**Mr. G. M. Young:** I said that the chief accusation he made against us is the delay in giving effect to the recommendations of the Committee, and in commenting on that he said that if Government took so long over deciding a little thing and a comparatively unimportant thing, what would they do if they got to something really important. Let me read the first few lines of the summary of the main recommendations of the Committee:

"The University Training Corps and the Indian Territorial Force should be regarded as existing primarily for the purpose of supplying military training and inspiration to military service to the manhood of India, in order to lay a foundation upon which the national army can be built up. Such a national army can only be created by gradual stages and the steady progress of education extending over many years. This education should commence wherever possible in schools. It should be continued in the universities and colleges by means of Officers Training Corps and should be completed in the units of the Indian Territorial Force."

This is what my Honourable friend calls "a little and a comparatively unimportant thing."

**Pandit Hirday Nath Kunzru:** May I ask the Honourable Member whether he realises that these recommendations were made in order to remove all racial distinctions between the Territorial Force and the Auxiliary Force.

**Mr. M. Ruthnaswamy** (Nominated: Indian Christians): May I put another question? May I ask what steps Government have taken to realise these recommendations of the Committee; to put these recommendations into practice during the past year?



**Mr. G. M. Young:** I am coming to all this. As Mr. Kunzru said, it was in January 1925 that the Committee reported. Their report was considered very carefully by the Government of India in consultation with Local Governments, and the final recommendations of the Government of India went home to the Secretary of State on the 24th June 1926. Mr. Kunzru thinks that this matter was so little and so unimportant that the recommendations should have gone home earlier. I cannot say that I agree. The decision of the Secretary of State has not yet reached us. (*Several Honourable Members:* "It will never reach you.") It will never reach us? The fact remains that until it does, we are not in a position to discuss at any great length the future policy in regard to the Territorial Force and the University Training Corps. But as regards what has happened so far, my Honourable friend enquired what steps we had taken to develop the University Training Corps. I think that the answer to that is that the University Training Corps are "practically up to their full strength at this moment. That does not look as if we discouraged them. I shall be giving the House full particulars of the strength to-morrow in answer to a question by Dr. Moonje. (*An Honourable Member:* "There is no Corps in the Nagpur University.") I said that the existing Corps were up to strength.

My Honourable friend then went on to discuss the question of rifles and armament; and he informed us that at certain universities in the United Provinces the University Training Corps were practising with drill practice rifles. The University Training Corps in the United Provinces and the Patna Company of the University Training Corps and one other Company, a detachment at Lyallpur, are armed with drill practice rifles. All the other University Training Corps in India at this moment are armed with serviceable rifles. The question is simply one of safe custody and nothing else. Where we can get these weapons adequately guarded they are supplied to the University Training Corps, and if arrangements can be made at the Universities of the Province to which my Honourable friend belongs for adequate safe custody, there will be no objection whatever to the issue of service rifles to them.

**Pandit Hirday Nath Kunzru:** They have been made everywhere.

**Mr. G. M. Young:** I give that undertaking to my Honourable friend for what it is worth. There are far more of the personnel of the University Training Corps in India armed with serviceable rifles than with drill practice rifles. My Honourable friend also made a complaint about a shortage of ammunition. When I heard him, I looked back with envy to the days when I was serving in the Indian Defence Force. I did not get anything like the amount of ammunition he mentioned. All I got was just enough to fire my course, with one sighting shot at each range. But if there is a feeling that the University Corps wish to fire more rounds and if that feeling should make itself felt, there is no desire on the part of Government to prevent anything of that sort.

My Honourable friend and my Honourable friend Dr. Moonje drew parallels between the Auxiliary Force and the University Training Corps. They complained that one was being encouraged, the other was not. That is not the case, as I have shown. They complained that, while one was being armed with every variety of arm and encouraged to every kind of

[Mr. G. M. Young.]

military experience the other was not. Of course there is not a true parallel between the Auxiliary Force and the University Training Corps. The parallel lies between the Auxiliary Force and the Indian Territorial Force. The University Training Corps are students of immature age, and they are only members of those corps for a comparatively short time. There is no indication of distrust if you do not allow young men of about 20 to practise indiscriminately with machine guns, not that there would necessarily be difficulty in allowing machine gun practice . . . . .

**Pandit Hirday Nath Kunzru:** May I say again that we cannot hear the Honourable Member?

**Mr. President:** The Honourable Member is doing his best.

**Dr. B. S. Moonje:** What about the Indian Territorial Force?

**Mr. G. M. Young:** I am coming to the Indian Territorial Force, but I do maintain that no parallel exists between the University Training Corps and the Auxiliary Force. The University Training Corps are treated in almost exactly the same way as we treat our O. T. C. at the Universities in England . . . . .

**Dr. B. S. Moonje:** Is there any parallel between the Indian Territorial Force and the Auxiliary Force?

**Mr. G. M. Young:** As regards the Indian Territorial Force the accusation which my Honourable friend Dr. Moonje levelled at us seems to presuppose that the whole of the recommendations of this Committee have been decided upon. It is one thing to accuse us of delay. That is intelligible, though I think that he is impatient rather than that we are dilatory. But you cannot at once say "You are not issuing your decisions", and "those decisions are unjust", or, rather "the decisions of the Secretary of State and the Government of India are unjust". One of the things that my Honourable friend Dr. Moonje said was that we limited the Territorial Force and we did not limit the Auxiliary Force. Well, Sir, he has only got to look at the recommendations of the Committee to see that that matter is still under consideration, and that the only limits recommended are in accordance with the respective functions of the two Corps. The Auxiliary Force is the second line of British troops in this country, and the Indian Territorial Force is to be the second line to the Indian Army; and there is nothing more to be said about it than that. I can assure Honourable Members that there is no feeling of distrust underlying either what they consider to be the delay in giving effect to the recommendations of the Committee, or the existing policy in regard to the Indian Territorial Force and the University Training Corps.

(Mr. President rose to put the motion.)

**Mr. M. S. Aney** (Berar Representative): Will the Honourable Member explain why . . . . .

**Mr. President:** I do not know whether the Honourable Member (Mr. Young) is prepared to answer questions at this stage.

(Mr. G. M. Young signified assent.)

**Mr. M. S. Aney:** Will the Honourable Member explain why a University Training Corps was not constituted in the University of Nagpur? Has there been any correspondence between the Nagpur University and the Government of India on this point?

**Mr. G. M. Young:** Sir, I am afraid that I have the same difficulty in hearing Honourable Members in that corner of the House, as they appear to have in hearing me; but I understand that my Honourable friend asked me why there was no University Training Corps at Nagpur. The reason is that the limit of the Indian Territorial Force as then constituted, not as it may be constituted as the result of the recommendations of the Committee—that limit was reached before the University of Nagpur applied for a University Training Corps.

**Dr. B. S. Moonje:** But in the Report it is said there are to be no limits to the expansion of University Training Corps.

**Mr. G. M. Young:** Yes, Sir; that is the Report on which decisions have not yet been reached.

**Mr. K. Ahmed:** In the meantime should not facilities be given . . . .

**Mr. President:** Order, order. The question is:

"That the Demand under the head 'Army Department' be reduced by Rs. 10,000."

The Assembly divided:

#### AYES—63.

Abdul Haye, Mr.  
Abdullah Haji Kasim, Khan Bahadur  
Haji.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswamy.  
Aney, Mr. M. S.  
Ayyangar, Mr. K. V. Rangaswami.  
Ayyangar, Mr. M. S. Sessa.  
Belvi, Mr. D. V.  
Bhargava, Pandit Thakur Das.  
Chaman Lall, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Dutt, Mr. Amar Nath.  
Dutta, Mr. Srish Chandra.  
Ghazanfar Ali Khan, Raja.  
Goswami, Mr. T. C.  
Gour, Sir Hari Singh.  
Gulab Singh, Sardar.  
Ismail Khan, Mr.  
Iyengar, Mr. A. Rangaswami.  
Iyengar, Mr. S. Srinivasa.  
Jayakar, Mr. M. R.  
Jinnah, Mr. M. A.  
Jogiah, Mr. Varahagiri Venkata.  
Joshi, Mr. N. M.  
Kelkar, Mr. N. C.  
Khin Maung, U.  
Kidwai, Mr. Raft Ahmad.  
Kunzru, Pandit Hirdav Nath.  
Lahiri Chaudhury, Mr. Dhirendra  
Kanta.  
Lajpat Rai, Lala.

Malaviya, Pandit Madan Mohan.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Dwarka Prasad.  
Moonje, Dr. B. S.  
Mukhtar Singh, Mr.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Naidu, Mr. B. P.  
Nehru, Pandit Motilal.  
Neogy, Mr. K. C.  
Prakasam, Mr. T.  
Purshotamdas Thakurdas, Sir.  
Rahimtulla, Mr. Fazal Ibrahim.  
Rananjaya Singh, Kumar.  
Ranga Iyer, Mr. C. S.  
Rao, Mr. G. Sarvatham.  
Roy, Mr. K. C.  
Ruthnaswamy, Mr. M.  
Sarda, Rai Sahib Harbilas.  
Sarfaraz Hussain Khan, Khan  
Bahadur.  
Shafee, Maulvi Muhammad.  
Shah Nawaz, Mian Mohammad.  
Shervani, Mr. T. A. K.  
Singh, Mr. Gaya Prasad.  
Singh, Mr. Narayan Prasad.  
Singh, Mr. Ram Narayan.  
Sinha, Kumar Ganganand.  
Sinha, Mr. Ambika Prasad.  
Tok Kyi, U.  
Yakub, Maulvi Muhammad.  
Yusuf Imam, Mr.  
Zulfiqar Ali Khan, Nawab Sir.

## NOES—44.

Abdul Aziz, Khan Bahadur Mian.  
 Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ahmed, Mr. K.  
 Akram Hussain Bahadur, Prince  
 A. M. M.  
 Allison, Mr. F. W.  
 Anwar-ul-Azim, Mr.  
 Ashrafuddin Ahmad, Khan Bahadur  
 Nawabzada Sayid.  
 Ayangar, Mr. V. K. A. Aravamudha.  
 Ayyangar, Rao Bahadur Narasimha  
 Gopalaswami.  
 Bhore, Mr. J. W.  
 Blackett, The Honourable Sir Basil.  
 Chalmers, Mr. T. A.  
 Coatman, Mr. J.  
 Cocke, Mr. H. G.  
 Dalal, Sir Bomanji.  
 Donovan, Mr. J. T.  
 Dunnett, Mr. J. M.  
 E'jaz Rasul Khan, Raja Muhammad.  
 Ghulam Kadir Khan Dakhan, Mr.  
 W. M. P.  
 Gidney, Lieut.-Colonel H. A. J.  
 Graham, Mr. L.  
 Greenfield, Mr. H. C.  
 Haigh, Mr. P. B.

Henlett, Mr. J.  
 Howell, Mr. J. B.  
 Innes, The Honourable Sir Charles.  
 Jowahir Singh, Sardar Bahadur  
 Sardar.  
 Kabul Singh Bahadur, Risakdar-Major  
 and Honorary Captain.  
 Keane, Mr. M.  
 Lindsay, Sir Darcy.  
 Macphail, The Rev. Dr. E. M.  
 Mitra, The Honourable Sir Bhupendra  
 Nath.  
 Muddiman, The Honourable Sir  
 Alexander.  
 Nasir-ud-din Ahmad, Khan Bahadur.  
 Paddison, Sir George.  
 Parsons, Mr. A. A. L.  
 Rajah, Rao Bahadur M. C.  
 Rau, Mr. H. Shankar.  
 Roy, Sir Ganen.  
 Sassoon, Sir Victor.  
 Singh, Rai Bahadur S. N.  
 Tonkinson, Mr. H.  
 Willson, Sir Walter.  
 Young, Mr. G. M.

The motion was adopted.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly reassembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

### *General Policy and Expenditure.*

**Pandit Hirday Nath Kunzru:** Mr. President, I beg to move that the Demand under the head "Army Department" be reduced by Rs. 1,000.

Sir, the other day, in connection with the general discussion of the Budget, I had occasion to refer to the growth of military expenditure with special reference to the speech of His Excellency the Commander-in-Chief and the budget speech of the Honourable the Finance Member who in ominous terms warned us that "only the sternest economy and the strictest vigilance can prevent the military budget from showing a tendency to rise rather than to fall." And the warning contained in his words made us all the more uneasy as it came suddenly. I will not repeat all that I said in this House on an earlier occasion but I hope you will permit me, Sir, briefly to place the full facts before the House with regard to the growth of our military expenditure. Sir, His Excellency the Commander-in-Chief, speaking in the budget debate in 1925, told the House that, after sending away the 3rd Cavalry Regiment and reducing the Aden garrison, it was impossible to reduce the combatant branches of the Army any more. But he said:

"I do not mean to say that in certain other directions I do not see that economies are possible. I have in mind several directions in which money can be saved,"

And the established charges—not the net charges—the established charges for the Army, in the budget estimate for 1925-26 amounted to about 55 crores. We therefore hoped that the expenditure would permanently be below 55 crores. Now, Sir, in March 1926 the expenditure was reduced to, I believe, about 54½ crores, and the Finance Member told us that we might expect further reductions in future. In particular, he told us that on account of the reductions in the pay of the British officer and soldier, there would be substantial economies beginning with a sum of 12 lakhs in 1927-28, and growing annually to a crore and a quarter in 1933-34. Nevertheless, in the year 1927-28, the established charges stand at 55½ crores, that is, nearly a crore more than was budgeted for in 1926-27. But, Sir, this is not the total extent of the increase. We have to remember, as the Memorandum of the Financial Secretary has told us, that we should in the ordinary course of things have saved about 30 lakhs on pay and pension charges. Then we have been told that the making over of the area round Aden municipality to the British Government would result in some saving in the military estimates. I hope I am therefore correct in saying that the increase is more in the neighbourhood of 1½ than in the neighbourhood of 1 crore. Now, the Honourable the Finance Member told us that about 80 lakhs of the increase was due to a greater expenditure on the purchase and manufacture of ordnance and other stores. A reference, Sir, to the military estimates for 1927-28 will show that the military stores at present are about 5 crores higher in value than what the Inchcape Committee believed them to be in 1922. In 1922 it was believed that the value of the stores amounted to about 22 crores. That was an under-estimate and it is stated in the Army estimates that the real value was 30 crores. This year the value of the stores is expected to amount to about 27 crores and the ordnance stock in particular is no less in value than what it was when the Inchcape Committee reported. The Inchcape Committee asked that the ordnance stores should be reduced from 14 to 8 crores, i.e., by about 50 per cent. We are informed that the military authorities, after considering the report of an expert committee on the subject, have come to the conclusion that it is impossible to give effect to the recommendation of the Inchcape Committee. That may be so, Sir. It may be unable to reduce the stores any further. But the explanation given in the estimates does not show why, the ordnance stock not being less now than what it was in 1922 and the total value of the military stores being higher than what the Inchcape Committee believed them to be, it should be necessary to increase the expenditure on stores permanently by 80 lakhs a year. I do hope that in the course of this debate we shall receive such explanation from the military authorities as will make the subject quite clear.

There is just another thing that I should refer to in connection with the Report of the Inchcape Committee. The Committee referred to the fact that the authorised establishment of Army Headquarters was examined by a Committee presided over by Sir Charles Innes. Its recommendations were partly accepted by the then Commander-in-Chief, but the Inchcape Committee was of opinion that all the recommendations should be accepted and that a substantial portion of them should be given effect to in the Budget for 1923-24. The other day Government circulated to us a statement showing the extent to which the recommendations of the Inchcape Committee had been carried out. I find it stated there that the reduction in Army Headquarters recommended for the year 1923-24 had been fully carried out. I have some little difficulty in this connection, which I

[Pandit Hirday Nath Kunzru.]

mentioned to the Army Secretary this morning. In the military estimate for 1923-24 I find that the officers belonging to Army Headquarters, Headquarters of Commands, and Districts and Brigades and those connected with Embarkation and Railway Transport amounted to 545 in 1922-23. I am sorry I cannot take the figures under these headings separately as they are not given separately in the estimates for 1923-24. If we consider the estimates for 1927-28 we find that the total number of officers under all these heads amounts to 540. How is it, then, that after giving effect to the recommendations of the Inchcape Committee the number of officers now is practically what it was in 1923-24? Is it that while reductions have been effected in the Army Headquarters, increases have taken place in connection with other Departments? If so, it is a matter on which the Assembly should be fully informed.

I could refer to other small matters also in which I find it somewhat difficult to reconcile the statements made in the statement that was circulated to us the other day with the actual facts. For instance, in regard to the Railway Transport and Embarkation Staff, it is stated here that the Inchcape Committee's recommendations have been accepted. That Committee recommended that the expenditure under these heads should be limited to about 3 lakhs, but in 1927-28 the expenditure will amount to well over 4½ lakhs. I could mention one or two other things which create some uneasiness in my mind as regards the extent to which the Inchcape Committee's recommendations have been carried out. I am sure that the military authorities with their fuller knowledge of the subject would be able to dispel all suspicion in this connection.

While on the subject of the growth of army expenditure, I hope I shall be allowed to refer to a subject which is one of considerable difficulty. Even in ordinary times it would have been a bold task to ask the military authorities to reduce the size of the army, and at present when His Excellency the Commander-in-Chief has told us that no reductions whatever are possible, to refer to the subject is nothing short of absolute hardihood. Nevertheless, I venture to refer to this matter, for I wish to show that the opinions that Indians have entertained with regard to the size of the army are not the products of their heated imagination but are confirmed to a large extent by the opinions of responsible British statesmen themselves. There is a book dealing with the exploits of the Indian Army in France, called the "Indian Corps in France", published under the authority of the Secretary of State for India and jointly written by Colonel Merewether and Lord Birkenhead himself. In the introduction to this book Lord Curzon says:

"I have seen it frequently stated even by high authority in the course of the present war that the Indian Army is raised, trained and equipped for service in India alone or upon its frontiers and that the call to external warfare was therefore both novel and disconcerting. Such a claim would not only be indignantly repudiated by the Indian Army itself but it finds no foundation in history."

Later on he says:

"The Indian Army, in fact, has always possessed and has been proud of possessing a triple function—the preservation of internal peace in India itself, the defence of the Indian frontiers, and preparedness to embark at a moment's notice for Imperial service in other parts of the globe. In this third aspect India has for long been one of the most important units in the scheme of British Imperial defence providing the British Government with a striking force always ready, of admirable efficiency, and assured valour."

I hope that this statement will carry some weight with the military authorities. I am aware that this House passed a Resolution in 1921 laying down that the size of the army in India shall be determined by the needs of India and that the substance of that Resolution was accepted by Government. But there are a number of other Resolutions, particularly those dealing with the appointment of Indians to commissioned ranks and the establishment of a Sandhurst which, although passed with the concurrence of the Government of India, have not so far been given effect to—which have been rejected by the higher authorities. In view of this fact, it is permissible to doubt whether the object of the Resolution laying down the conditions which should govern the size of the Indian army has been fully

accepted by His Majesty's Government. But whatever may be said on this question, I have another point to put forward in this connection which seems to me to deserve better attention and that is the question of reserves. The Assembly recommended with the approval of the Government of India in 1921 that we should have a short service system followed by a few years in the reserve. The Inchcape Committee referring to this subject said:

"If this proposal is adopted we consider that the peace establishment of battalions should be gradually placed on a cadre basis which might ultimately be fixed at say 20 per cent. below the war establishment"

and they added that

"the proposal to increase the period of enlistment with the colours would also ultimately reduce the number of recruits required annually."

Mr. Burdon, the Army Secretary, speaking in this House in July 1923 with reference to this recommendation said:

"If it could be fulfilled it would undoubtedly enable important economies to be effected because the essence of this recommendation is that a portion of the reinforcements required in war should in peace time be held in reserve instead of on the active list."

Now, this system of reserves has been accepted by His Majesty's Government and is being given effect to. Perhaps the system has been for too short a period in operation to have led to economies. Or it may be that reserves are not large enough to enable Government to think of making any reductions in the peace establishment of the Indian battalions. But a clear enunciation of the policy of Government on this matter is one of far greater moment than any economies that might immediately be in sight. I should like to know whether in view of what Mr. Burdon said in this House the Government of India would, assuming that the size of the reserve or any other consideration relating to it permitted, seriously think of carrying out the recommendations of the Inchcape Committee in this connection.

Lastly, Sir, in connection with the growth of expenditure I should like to make an inquiry with regard to capitation charges. We were told by Mr. Burdon that the Government of India was very keen on this matter and that it would leave no stone unturned to arrive at a settlement satisfactory to India. I do not know whether any settlement has been under discussion for a sufficiently long time. The House is therefore entitled to hope that the matter has by now been satisfactorily settled.

The next question that I should like to deal with is the appointment of Indians to commissioned ranks. We expected that the Report of the

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Skeen Committee which dealt with the establishment of an Indian Sandhurst and selection of Indians for commissioned ranks would be available by now. It has however not been published, and we do not know when it will be published. My Honourable friend, Mr. Jinnah, who is particularly competent to deal with this subject, will I am sure speak on it. I will therefore not say anything about it myself. But I would ask your permission just to point out one or two considerations in this connection. The Government of India appointed a Committee known as the Military Requirements Committee in 1921 to consider various questions connected with the army; and if the reports in the newspapers speak truly, another Committee which was probably a sub-committee of the Executive Council and was presided over by His Excellency the Commander-in-Chief was appointed to consider the Indianization of the army. The reports of these Committees have not seen the light of day. But British newspapers some years ago published a summary of their recommendations. I do not know to what extent that summary was correct. But our past experience tells us that they seem to have special opportunities for having access to confidential information. It may therefore be that the reports that appeared in the British newspapers were true; and these reports told us that the above-mentioned Committees between themselves were not merely in favour of accepting the Resolutions passed by the Assembly in 1921 but approved of the idea of a substantial annual increment on the analogy of the increments in the civil services, with regard to the appointment of Indians to the commissioned ranks and of the Indianization of the army within a reasonable time. If it is so, Sir, then our demand gains considerable strength in view of the fact that both these Committees were presided over by His Excellency the Commander-in-Chief. The authorities in England, had they observed the convention which was formulated by the Joint Select Committee of Parliament in 1919, should certainly have given effect to the recommendations of 1921 as the Legislature and Government were of one mind. But so far from anything having been done in the matter, we find that we are as far as ever from being admitted to the commissioned ranks of the Royal Air Force, the Royal Artillery, the Royal Engineers and the Royal Tank Corps; and in response to our demand for 25 per cent. of the recruitment for commissioned ranks annually,—I understand that about 80 are being recruited through Sandhurst and about 12 through the universities—what we have been given is the scheme which proposes the Indianization of 8 units. Now I would respectfully point out to the military authorities that this scheme is wholly insufficient to satisfy the aspirations of India. Indeed it looks perilously like a scheme for the segregation of Indians in the commissioned ranks and must therefore be condemned.

Lastly, Sir, I would refer with great trepidation to the proportion of the British to the Indian Army in India. This too formed the subject of a Resolution passed by the Assembly with the approval of the Government of India in 1921. The Resolution recommended a gradual and prudent reduction in the ratio of British to Indian troops. Perhaps in comparison with the figures of 1921-22 when the number of British troops was very high in India some reduction has already taken place. I understand that the normal proportion of British to Indian troops is as 1 to 2·5; at present it is as 1 to 2·65. But the Indian point of view



naturally is that the valour of the Indian Army having been tested not only on Indian battle fields but on other battle fields, where conditions were greatly dissimilar to those prevailing in India, the Indian Army might be relied upon to a much greater extent than before for the protection of India against external invasion. The view that the Army Department holds, Sir, is that the Indian Army requires a certain proportion of British troops to stiffen it. I am sure they mean to cast no reflection on the Indian Army; but their view is scarcely likely to appeal to this House. One can well imagine that if the British flag flew over some countries, which are fortunately independent just now, it would be held that a certain proportion of British troops was necessary in the armies of those countries in order to have the best possible fighting machine. Sir, while I have no objection to due praise being given to British officers and soldiers for the work done by them, it seems hard that praise should be given to the British Army in such a way as to reflect on the valour of the Indian Army. If the Indian Army is trusted there should be no difficulty in allowing Indian troops to replace British troops.

Sir, the military question is one of far greater importance than the question of expenditure or the number of posts occupied by Indians. With its ultimate solution is bound up the solution of the question of self-Government in India. That is why, Sir, Mr. Montagu speaking on the Third Reading of the India Bill said:

"Don't deny India self-Government because she cannot take her proper share in her own defence and then deny to her people the opportunity of defending themselves."

Yet I submit, Sir, this is the policy that is being pursued at present. It is a policy that has burnt itself into the soul of India. It is a policy that has created far more bitterness than any other policy. Although, Sir, a new Member of this Assembly, I venture to think that the House really regards the solution of this question, namely, the position of Indians in the Army, as one of even more vital importance than that of constitutional reforms (Hear, hear), and I do hope that it is from that point of view that Government will try to approach this matter.

**Mr. C. Duraiswamy Aiyangar:** Sir, I wish to state that I regret a few unhappy words used by me in reply to an interruption from my Honourable friend, Mr. K. Ahmed this morning. Sudden jocular interruptions in the course of a serious speech draw out sudden replies which adopt a word used by the interrupter himself. In this case I am happy for one reason that my Honourable friend Mr. Ahmed, between whom and myself there has been a very good feeling for the last three years, anticipated me and came to me to say that he took my remarks in the very spirit of good humour which I meant to convey. However, I wish to withdraw those words which I do not wish to repeat.

**Mr. President:** I am glad that the Honourable Member has accepted the suggestion of the Chair.

**Mr. K. Ahmed:** I thank the Honourable Member from Madras. I always take everything in good humour. I have known the Honourable Member for the last three years and he has always been my good friend and I would never have thought that he would say anything unparliamentary to displease me. Anyhow I did not hear from a distance what he said just now, but I have the greatest satisfaction in knowing that something in the way of an apology has been expressed with which I am fully satisfied.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): I think, Sir, it will save the time of this House if I speak on the motion of my Honourable friend, Pandit Kunzru. I had tabled a motion which ran as follows: "To discuss the Military Policy and Programme" while the words of his amendment are "General Policy and Expenditure". Therefore, Sir, I think I may take this opportunity of speaking on his motion and I shall not move the motion that stands in my name.

Now, Sir, dealing with this question, when the Commander-in-Chief spoke a few days ago on the general discussion of the Budget with regard to the military question, I certainly expected him to give us some kind of policy or some kind of programme which he is prepared to follow, or which he has thought out. Sir, the statutory position of the Commander-in-Chief in this House, if I may read it in the terms of the opinion of the Esher Committee, is that of a Minister in charge of the Army of India. The Esher Committee when they came to frame their recommendations were definitely and unhesitatingly of opinion that the Commander-in-Chief alone should have the right to offer military advice to the Government of India, and that he should have no military colleagues on the Executive Council. Sir, the Commander-in-Chief therefore is, so far as this House is concerned, a Minister in charge of the military affairs, like the Minister who sits in the House of Commons, who is responsible for the policy and programme so far as military questions are concerned. Taking that analogy for a moment, what did we get from the pronouncement of the Commander-in-Chief? Most of his speech in giving us an account of his tour trips for the whole of the year came to this. He said to us that the Inchcape Committee had recommended a cut. That was a pious hope but it cannot be carried out. He said that he cannot do with a single man less in order to maintain the efficiency of the army necessary for the defence of this country. He said he cannot do with a single rupee less if he is to keep up the efficiency of the Army and if he is responsible for the defence of this country. Sir, I ask this question, is that the policy, is that the programme which His Excellency was pleased to place before this House as the result of his stewardship for the whole year? Is that all that ought to be said on this question? Is not the Commander-in-Chief aware of the Resolutions that have been passed in this House year after year? Has he given any thought to any of them? Has he considered the opinions of this House which have been expressed over and over again? Not a word, with regard to various matters regarding his Department was heard from him. Not a word is said. I must say that I was absolutely disappointed in his statement which was nothing but a bare assertion, an *ipse dixit* of the Commander-in-Chief, that everything was well with his Department and there was no great event to refer to—no reasons, no grounds, no policy, no programme. Now, is that to be expected from one who holds the position of the Minister in charge of the Army of this country from his annual pronouncement of his stewardship? Sir, you would naturally ask me, what is wrong with us, what are we complaining about? Sir, what is wrong with us and what we are complaining about is this, that the Government policy and programme with regard to the constitution and the organisation of the Army is still the same as they were in the days of the East India Company. Is the Indian Army to continue as a British garrison stationed here in India? Is the Indian Army to continue as an Imperial force, European and Indian, a body of troops

under the Crown? Is this Army not to be changed? It is one of the questions which I ask the Commander-in-Chief. Sir, if you maintain the fundamental principle which underlies the very constitution and the organisation of this Army, then the Commander-in-Chief may come here year after year and tell us that he cannot do with a single man less and a single rupee less. Now, Sir, I ask the Commander-in-Chief what progress or what efforts has he made with regard to what I will read from Mr. Burdon's book. This is what he says with regard to the Indian Territorial Force:

"The constitution of the Indian Territorial force under an Act passed in 1920 (and we are now in 1927), was primarily the outcome of new political conditions introduced into India by the Montagu-Chelmsford Reforms Act of 1919. Self-government cannot be a complete reality without the capacity for self-defence. When the first phase of representative institutions was established, the political leaders of India naturally claimed that India should be given wider opportunities of training themselves to defend their own country. The Territorial Force is in fact one of several aspects of the Indianisation of the military services which has been previously mentioned as an important feature of the present day history of the Army in India. The Force is intended to cater, amongst other things, for the military aspirations of those classes of the population to whom military service has not hitherto been a hereditary profession. It is intended, at the same time, to be a second line to and a source of reinforcement for the regular Indian Army. Membership of the Force for this latter reason carries with it a liability for something more than purely local service or home defence. It may in certain circumstances involve service overseas. The force is the direct successor to the Indian section of the Indian Defence Force created during the War. It has been modelled on the old militia in England. The essence of the scheme and organisation consists in training men by means of annual embodiment for a short period in successive years. By this means the Indian Territorial Force units can be given sufficient preliminary training in peace to enable them, in a comparatively short period of intensive training, to take their place by the side of regular units in war."

Now, Sir, I ask the question what have you done? This was in 1920; we are in 1927; what have you done? Did the Commander-in-Chief, as our Minister in this House, tell us that these are the efforts we have made, that these are the steps we have taken, and that these are the results which we have achieved? Not a word. Did he give us any idea as to what progress has been made and is expected to be made?

Sir, that is only one aspect of the case. Let us take the second aspect of the case. I might say here by the bye that we heard my Honourable friend Mr. Young who really is in a very unfortunate position because he can only say "What can I do? The Secretary of State for India has not informed me about anything yet. That is all that I can say." We tell him, "Well, what have you done about the Auxiliary Force and Territorial Force Committee's recommendations—recommendations made as far back as January 1925, while we are in 1927?" Mr. Young nods his head. Of course he cannot help it; he is not in a position to do anything because he has not yet received any orders from his master. What can he do? He says: "The Government of India at least made up their mind as quickly as they could consistently with the importance of the subject"—not a little matter, says he, but a very important matter—"the Government of India made up their mind". When? I think he gave us the date, the 24th June 1926. Well, the Government of India are to be congratulated, Sir, that after 18 months at least they made up their mind and they have made recommendations to the Secretary of State. After 18 months. Sir, it is trifling with the House to get hold of this word "little". Of course it is not a little thing. What my Honourable friend Pandit Hirday Nath Kunzru meant by this was that it is little compared to many other things. It is a relative term, a comparative word. And what is the

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good of getting hold of that word and saying it is not a little thing. Of course it is not a little thing in one sense. But I say the Government of India took 18 months before they despatched their opinion. I have known the Government of India, Sir, to take action within a few weeks after the recommendations of a Royal Commission. I have known the Government of India to be very quick when they like—not when they do not like and the matter then, it is said, is so big, so complicated and delayed. You yourselves initiated this policy in 1920 and a Committee was appointed by this House. It made recommendations in January 1925, and you are so incompetent that you take 18 months to make up your mind with regard to the recommendations of the Committee. And then you taunt us and say “What is the good of your saying this is a little matter”. But thank heavens, the Government of India did make up their mind. What they have said or done I do not know. That still is in the secret chambers of the offices either across the road here or with the Secretary of State for India. But then we are told that the Secretary of State for India has not made up his mind yet.

Now, Sir, that is so far as the Territorial Force is concerned. Do you think that you will ever be able to reduce your expenditure unless the Army is nationalised or unless your policy to nationalise the Army is honestly enforced? How can you reduce your expenditure? You may be able to reduce your expenditure by a few crores. It may be that you may make a cut here or a cut there. But even if you are able to satisfy the Inchcape Committee and reduce the military expenditure to 50 crores, what about the fifty crores of rupees which this country will have to pay for the purpose of keeping this Army? Even if you agree to the recommendation of the Inchcape Committee and if you cut down the expense to the minimum recommended by the Inchcape Committee, I say, how will you get rid of this burden of fifty crores? I say, Sir, not until you nationalise this Army. You may ask me what I mean by nationalisation of the Army. I say that our Army to-day—and I am sure that the Commander-in-Chief will agree with me at least on this point—is based on an old old principle which has long ago been exploded, and it is this: you have found in the past and you will find it in future, that if your standing army is annihilated at any moment you will not be able to get a second line of defence because India is not given an opportunity to get itself ready for the second line of defence. You must prepare the nation to stand behind. No country to-day is so backward, no country to-day can possibly recognise the foolish policy which is pursued by our Government. What is your policy? Your policy is this: that the citizens are absolutely denied real access to any kind of militia or citizen army or any kind of any other scheme. Mr. Young is shaking his head. I know of your little limited Territorial Force of a few thousands. Go to America and see what they have done. Let me tell you that the American standing army is only 125,000. And yet I believe America can put into the field within two months one million men who have received a great deal of military training.

**The Honourable Sir Alexander Muddiman** (Home Member): How long did they take to do it in the War?

**Mr. M. A. Jinnah:** My Honourable friend the Home Member is only sitting in Delhi. He knows nothing of what has taken place since the

war. Let me tell you, Sir, that this is since the War. America realised during the War—that is exactly the point—America realised that they were not organised. But see what they have done after the War. If you go and compare, as I have had the privilege and the opportunity of seeing it on the spot recently and examining their military history and records, I assure you the American army of to-day is a different story to what it was before the War. I tell you that it was after the War that they have revolutionized their entire military organization and I believe that within two or three months they can put one million men in the field. How many men can you put? What have you done? You have made no effort except that you passed in 1920, the Territorial Forces Act and you are still fooling with this scheme (*An Honourable Member*: "Eye-wash"); and when this House pressed the Government when the question came up about the Auxiliary and Territorial Forces, then as usual the Government thought the best thing to do to switch off this attack was to appoint a Committee. The Committee was appointed; the Committee made its report very promptly, I must say; and the Government of India is sitting on it now—I beg your pardon, I mean the Secretary of State. I say, therefore, that so long as you adhere to this old exploded policy of yours, so long as you pursue that policy, you still maintain the fundamental principles of the East India Company forces; they are merely forces of the Crown. It is an extraordinary thing, but there it is. Who is responsible for the Army here? Is the Commander-in-Chief responsible for it? Can he do anything? He cannot do anything at all. He can only advise the Government of India at the most. What can the Government of India do? Under the Government of India Act the army administration is vested in my Honourable friend the Leader of the House who represents the Government of India. What can he do? He can only send a petition to the Secretary of State for India—see section 30 of the Government of India Act. And we had the other day quoted to us section 22 of the Government of India Act which gives you the power to take away troops from India to any part of the world to be employed there. We have got no say in the matter. Therefore, I say, Sir, that you will never be able to reduce this horrible burden upon the people of India so long as you maintain the fundamental principles underlying your policy, your organization and the present constitution of your army. We shall never under this vicious system be able at any time to say "Take away the British garrison from this country". We are told very solemnly, very seriously, by no less an authority than Lord Birkenhead, the Secretary of State for India, that there never has been a serious proposal from any responsible quarters in India that the British garrison was dispensable. How can it be? How can any responsible person tell you to take away the British garrison? What is there to take its place? You will not allow anything to take its place, and then you ask us what will happen if the British garrison is taken away. My indictment against the Government is that unless you change the fundamental principles of your policy, organization and constitution of our Army, you will never be able either to make India ready to defend her hearths and homes nor would India be able to reduce this grinding burden for which the people of India have to pay year after year and suffer. That is what I have to say so far as these two general propositions are concerned.

Now, let me get to something more in detail. We were told that the years 1920 and 1921 were fortunate years for India. We had almost

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Sandhurst at our door. We had the Royal Commission accelerated; we had promises that all repressive laws and measures would disappear; that India would be a country where real freedom and liberty would prevail, and that India was on the high road to achieve Swaraj or self-government, to which the British Government were irretrievably committed and pledged. We were also told that it was the considered and definite policy of the Government of India to Indianise the Army, that already 10 commissions, or rather 10 admissions were given at Sandhurst. And when I pressed the Commander-in-Chief Lord Rawlinson in 1924, I said, "Yes, you have given us 10 admissions at Sandhurst,—there cannot be any doubt about that", but (and some Honourable Members who were then present in the House might remember) I pointed out that at this rate, what can we achieve. If we were only to have ten admissions, there were bound to be some failures out of the ten admissions and we may get, as we are getting, 5 or 6 or 7 out of those that are admitted. At this rate, I went through a little feat of mathematical performance and I pointed out that at this rate, it will take centuries. If you are going to Indianise the Indian Army proper, leave the British garrison on one side, the Indian Army proper requires in the combatant forces 3,600 officers, which gives you on an average—and I do not think this figure can be challenged—on an average a wastage of 190 or 200 per year, and if you are going to get 5 or 6 Indians as commissioned officers, how many years will it take to Indianise the Army so far as the officers are concerned? I think various Members gave their answers in the House at that time and it came to several centuries. Well, then, at that time, Lord Rawlinson, for whom I had a very great admiration and a very great respect, because I felt in my private conversations with him that he was determined to help us and I pay my tribute to his memory, very rightly then got up and said: "Why does the Honourable Member there take it for granted that the ten admissions are going to be permanent"? A very good answer. Then I naturally said: "When are you going to increase this number"? To that, of course, he was not able to give an answer because there is always the Secretary of State for India and therefore he was not able to answer that question. In 1925, we came back to the blood. That debate was over, and Sir, it was in 1925 that again Government, at any rate the Government of India, realised that it was impossible to resist these attacks and my Honourable friend the Home Member—who had the honour and he will live in the military history of India—made a pronouncement. Now, what was the pronouncement? The pronouncement was—I am giving you the substance, not the words—that the time had come when a Committee should be appointed. (Laughter.) (*Lala Lajpat Rai*: "In place of the Army.") Sir, beggars cannot be choosers and even on this side of the House we said: Very well, even that is some sort of a beginning: let us have a Committee. And so we had a Committee, and that Committee, Sir, is known as the Sandhurst Committee and I think some Honourable Members here must have heard of it. (*An Honourable Member*: "The Skeen Committee"). No, no, the Sandhurst Committee. I think the Honourable the Home Member agrees with me. It was called the Sandhurst Committee because we hoped that at any rate through this Committee Sandhurst might come to India. Well, the Committee worked, and the Committee is gone, the Committee is dispersed and dissolved, and Sandhurst is still far far away. It is still at Sandhurst and

not in India. (*An Honourable Member*: "Across the ocean.") Now, Sir, what do we find? Of course, my mouth is closed to a certain extent. They have locked my mouth by giving this Committee and putting me on it as a member. (*An Honourable Member*: "Why should it be closed?") Because the convention and the Official Secrets Act apply to me although I am a non-official member. (*An Honourable Member*: "You are muzzled.") Yes, I am muzzled, to that extent. But, Sir, what do we find? The members of the Sandhurst Committee were appointed, and the Committee commenced its sittings on the 1st August 1925. It has worked and it has made its report. Sir, the report was made and signed on the 4th of November.

**Mr. G. M. Young**: May I interrupt the Honourable Member for a moment? It is perfectly true that the Honourable Member himself signed the report on the 4th of November, but it was not signed then by some other members, for reasons known only to themselves and it was not presented to Government till the beginning of December.

**Mr. M. A. Jinnah**: I put my signature to it on the 4th of November. I put it on that day and I remember the date. I stand corrected by the Honourable Member there. It is quite possible that some of the members did not sign because they were not in Bombay at the time. I did not know that it took such a long time to obtain the signatures of the others, but I will stand corrected. I will take my date as the 1st of December instead of the 4th of November. I will make a present of the remaining days of November to my Honourable friend Mr. Young.

**Sir Victor Sassoon** (Bombay Millowners' Association: Indian Commerce): Make it the 4th of December.

**Mr. M. A. Jinnah**: I will make it the 4th of December. What do we find? We were told by Mr. Young that this report was sent to the Secretary of State for India in January, 1927. When I asked a question what was the answer? The answer was, "We have not yet heard anything from the Secretary of State for India," and they had not even the power to publish this report, leave alone taking any action on the recommendations contained in it. Sir, the Committee was appointed by the Government of India, and the Government of India is so thoroughly impotent that it cannot even publish the report of a Committee that it has appointed. I ask the Honourable Member, "What is the difficulty?" I do not ask you to commit yourself to anything, if you are so helpless. But why don't you publish this report?

**Mr. M. R. Jayakar** (Bombay City: Non-Muhammadan Urban): It is a subordinate branch of administration.

**Mr. M. A. Jinnah**: What do we find, Sir? Reading Reuter's telegrams what do we find? Questions were put in the House of Commons and what is the answer of the Secretary of State for India? What does Lord Winterton, the Under Secretary of State for India, say? He throws the blame on the Government of India. He says this: "Replying to Mr. Walter Baker Earl Winterton said Lord Birkenhead had seen a copy of the report of the Sandhurst Committee"—how wonderful—"but he had not yet received the Government of India's views on it." Sir, this is dated the 7th of March.

**Pandit Madan Mohan Malaviya**: Is that correct?

**Lala Lajpat Rai:** It must be.

**Mr. M. A. Jinnah:** Perhaps my Honourable friend Mr. Young will tell us he knows nothing about it. Sir, another question was put before that; on the 14th of February Mr. Pethick-Lawrence asked this question:

"Whether the Under Secretary of State for India was aware that the Sandhurst Committee concluded their labours and signed their Report on 4th November, 1926, when it is proposed to publish the Report; whether the Government have considered it, and, if so, what action they propose to take in the matter?"

The answer given was this:

"The answer to the first part is yes; to the second and third parts, that my Noble Friend is not aware when it will be published by the Government, whose views on it he has not yet received. The fourth part, therefore, does not arise."

I ask the Honourable Member over there, the Army Secretary, why he has not sent his views.

**Maulvi Muhammad Yakub:** He is still too young to form any views.

**Mr. M. A. Jinnah:** This is how the question stands with regard to the appointment of the Sandhurst Committee and not publishing the report of that Committee. Leave alone those glorious days of 1920 and 1921 when this Assembly had I am told competent and responsible representatives. (An Honourable Member: "Hear, hear.") Says an Honourable Member "Hear, hear." I think we ought to be ashamed of ourselves that we sit here to be trifled with by the Government who are sitting there tight. In 1924 the debate is raised. In 1925 the Government's hands are forced to appoint a Committee, and we are in 1927 and what do we find? We find that the Government declines even to publish this report. No wonder, because I say and I say it deliberately that they have no intention, they have no real desire to meet the universal public demand backed by the entire public opinion and by the Members of this House. I say remember that this is being very carefully watched by a large body of people outside. Here let me refer to the methods which we are advised to follow with a view to getting the Government to move or to do certain things for us. We had a formula which issued from a very high authority, the Secretary of State for India. That formula was that if the responsible leaders will co-operate the British Government will not be niggardly; they are not slaves of dates—of course, they are free men—they will be generous. That was the formula which came in 1925, when that debate took place on the report of what is known as another committee which stands equally condemned by the Secretary of State for India—the Muddiman Committee. Later on, we got another amendment or addition to that formula, and of course, our Government changes as it suits it. We were told a little further that the responsible leaders should not only make up their minds to co-operate but also that they should engage themselves in settling the communal differences. This amended formula held the field for a considerable time. What do we find now? We had another formula a few days ago emanating from no less a person than the Finance Member. And what is that? Hope, charity, faith—hope, faith, charity (An Honourable Member: "Love.") Yes; and love—occasionally love, he added. (Laughter.)

I wonder to myself—is there any hope? (Honourable Members: "None.") Can you have any faith? (Honourable Members: "No.") Is there any room for charity? As to love (Laughter) what do you find? Even if that wise advice of the lady friend of Mr. Jayakar could not move the Home



Member, is there any hope left after that? We do not stop there. We had a new formula from the Home Member who spoke a few hours after the Finance Minister. He showed us the method and he advised as to how we can get something out of this wicked and Satanic Government. What was that formula? He said, "If you live by the ford you must make friends with the crocodile." Where is the ford and where is the crocodile? I ask, Sir. He did not stop there. He said, "You must try and persuade the Government." To make friends is one thing and persuading is another thing altogether. He did not yet stop there. He said, "You must treat Government kindly." I know what his ambition is. The other day he told us that he would rather be a director of a tramway company. I am prepared to make him one, if he will consider it "kindly treatment". (*The Honourable Sir Alexander Muddiman*: "I accept it.") If he cannot do better than what he has been doing let him become a director of a tramway company. Like cinema films, these formulas are changing and moving in front of us but we get nothing out of them. I ask the Honourable Member seriously whether this is the way to treat this House or to justify the assertion that your policy and your military programme are really in the interests of India and that you want to help India. There can be only one verdict—that it is not so. In the meantime we find that we pay £80,000 to Sandhurst as a contribution. We pay £30,000 to Woolwich where even to-day an Indian is not admitted. We make a contribution to Chatham of £15,000 where Indians are not admitted. We have got a Royal Air Force a portion of which has landed on India. It is not an Indian force but you have to make provision in the Budget and pay for it. What is the total number of that Force? The total establishment is 227 officers, 1,777 British other ranks, 202 personnel of Indian technical section, 130 Indian clerks, 3 schoolmasters, 8 regimental munshis and 713 followers. There is not one Indian holding the position of an officer in that force and we are making a contribution year after year to this. This really is the short history of your policy and your programme. The Commander-in-Chief came here the other day and made a pronouncement. He

4 P.M. might not even have taken the trouble of coming here and wasting his time. He might have remained in his palatial house in the enjoyment of all his comforts and luxuries and drawing a big salary from the revenues of India. Sir, the only answer that he was pleased to give us was to the criticism of Colonel Crawford, and that is the only note of regret which he struck; I will read it in his own words. He said:

"My Honourable friend, Colonel Crawford, has referred to the very difficult subject of the supply of British officers to the Indian Army. At the present moment we are not in effect recruiting many officers, partly owing to the fact that we have been reducing regiments from time to time. Whenever a unit returns from Mesopotamia or from other service across the seas without relief we are able to utilize the officers of that unit for general use in the Indian Army, and have so far been able to keep up the strength. We have not been getting boys from Sandhurst in the numbers we want."

"We are not getting the boys from Sandhurst we want." Why not? Why not? I will tell you why not. It is from your own countryman that this interruption came, it is your own countrymen who have been poisoning the minds of the British youths. That is why—that is why you are not getting British boys; and now I have told you why not. That is exactly why I want that my Honourable friends will agree with me, will support me—that is why, I want, Sir, that this report should be published; and I am very happy to

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say that this is a report which is almost a unanimous report in a practical sense of the word. It bears the signature of a great soldier, Sir Andrew Skeen, to whom I openly on the floor of this House express my thanks for the way in which he presided over the Committee, and for the ability, the skill, the sympathy that he brought to bear upon this great question which we were investigating. (Applause). Sir, I therefore, say that the Government stand to-day absolutely condemned; and I say this in all earnestness, and I say this, that at least you should publish this report without delay. Now, Sir, I have got nothing more to say—and I shall wait—and I shall wait although I do not know which formula I should follow. I do not think, Sir, it is possible to follow any formula, but I shall wait; and I hope that even to-day, even to-day, the Commander-in-Chief will give us some ray of hope.

**Risaldar-Major and Honorary Captain Kabul Singh Bahadur** (Punjab : Nominated Non-Official): Sir, as I am not an orator nor a politician, I hope the House will be kind enough to overlook my shortcomings. I wish just to say a few words, Sir, with regard to the action of the Government in starting taking Indian officers for the King's commissioned ranks. At present suitable youths, with the necessary education and good physique, are not readily forthcoming, but I hope the number will go on increasing. I have often heard Honourable Members saying that they wish to see Indians filling all the ranks of officers which are at present filled by British, but I think they do not know that when in 1923 Government named certain regiments and issued orders for all Indian King's Commissioned officers to be transferred to those units, most of the young Indian officers expressed their intention of staying with their former regiments, remarking that they would be able to learn their work much better if they remained and worked with British comrades. To help Indian commissioned officers in attaining to the King's commissioned rank, the Government started a cadet school at Indore and thus enabled about a dozen Indian officers to get King's commissions and a couple of dozen straightaway from the regiment were promoted to the British ranks and in addition granted Honorary King's commissions with full pay to about 200 Indian officers. Then after a short time Government took advantage of the Indian Educational Corps in training and educating Indian officers and ranks, so that selected persons from these ranks could work up for the King's commission. I have heard some Honourable Members asking the Government to stop recruiting British officers from England for the Indian Army. Do they know, Sir, that a considerable percentage of the young Indian King's Commission holders resign their commission after one or two years' service, which means waste of energy, money and time. I ask Honourable Members to use all their influence in making Indian youths stick to their jobs and work up to field ranks. The question of a military college in India is the subject considered by the recent Skeen Committee and I cannot speak on it further. But I should like to submit that it will be a very good thing if sons of the British officers of the Indian Army are granted concessions and allowances in the same way as is granted to sons of Indian officers at Sandhurst, so as to encourage British youths to come to India and join the Indian Sandhurst and to mix with their Indian comrades and create that spirit of fellowship which is so necessary for the successful performance of military duty.

Then, Sir, some Honourable Members wish that the strength of British troops in India should be cut down. Can they imagine, Sir, what will be the state of affairs if in case of a big war maritime transport is rendered impossible and we do not have British reinforcement which we would require to make up for the casualties which inevitably occur in warfare? Besides the existence of British troops in India is very necessary to keep up the training of the Indian Army on a proper level with Continental armies, because the working of Indian and British troops together makes it possible for both elements to know each other and to make up each other's shortcomings. Lastly, Sir, the demand that the Army Budget should be reduced is not opportune, because a war of the great magnitude which we had necessitates the reshuffling and reorganization and careful training of new formations, supply of new weapons of warfare, which means money. Therefore I shall ask them not to press this demand; moreover, a great amount of money is spent to pay Indian soldiers who come from rural classes and improve their health, physic and character.

**The Honourable Sir Alexander Muddiman:** Sir, it was not my intention to have intervened in this debate, but listening as I did to my Honourable friend, Mr. Jinnah, I thought I would like to say a few words on the question before the House, not of a detailed character, not endeavouring to make a case in that way, which I leave to the competent and able hands of the Army Secretary. The House will pardon me if I make a few general observations on Mr. Jinnah's speech while it is still fresh in the memory of the House.

The first observation is that in mentioning the three formulæ at his disposal there is no question which formula Mr. Jinnah has adopted. A more persuasive speech has never been listened to, and if the Government is not melted by it, I feel they would be very difficult to melt.

If I understood him correctly, and I think the date which he quoted was correct, he said that I announced to this House the appointment of a Committee. He made a certain amount of play about that Committee as though I ought to have done more. That Committee was duly convened and apparently spent up to December, 1926, in their deliberations which I am sure, when published, will be of the utmost value to the Government of India. Considerable time therefore was spent in preparing that report, and it apparently reached the hands of Government in 1926 and was transmitted home within a month. That does not seem an excessive amount of time to take in the transmission of a report.

**Mr. M. A. Jinnah:** It takes only a fortnight.

**The Honourable Sir Alexander Muddiman:** Still you must allow for official delays that occurred in transit. It probably had to be printed and it is not a wonder if a considerable number of copies had to be printed; therefore there was no particular delay there. We are now in March. Mr. Jinnah is naturally anxious to see his report. He was rather inclined to laugh at me for suggesting that the appointment of the Committee was valuable, but I gather from his remarks, and particularly his closing remark that he regarded this report as really a distinctly important step; therefore the announcement of the Committee was not the small thing that he apparently in portions of his speech was inclined to consider it to be. We have it on his authority—and I am prepared to accept it—that it is a most valuable report; therefore we have done a considerable amount in the direction which he has so much at heart. And here, not speaking in any official capacity, I do sympathise with him in his desire for a national

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army. If this country is ever to progress on the lines he hopes it to progress, that must be one of the steps that must be taken. He was inclined, however, to exaggerate the economy that would result from a national army. If, as I understand him, the Americans really are in a position to put a million men into the field in two months, which I understand is what he wishes for India, and in a country with these vast frontiers and vast commitments a national army of this size would possibly not be too small without the British Navy. I will leave that for military opinion. But if this country is to be ready to put a million men in the field in two months, that will involve an expenditure which will certainly not be less than the expenditure this House has to meet on the existing arrangements. I should like, if there is any military authority prepared to give an estimate of that, to hear what would be the cost of merely arming troops with modern weapons in these numbers, and whether really America is in a position to do that, and whether any country in the world is in a position to put a million men in the field in two months. Then, Sir, he complained, and I must leave the answer on that point to authorities more competent than I am to meet the charge, that Indianisation has been very slow. Speaking for myself, one has the feeling that that is a complaint not altogether without grounds. What the grounds are and where the blame is I do not propose to attempt to assess, but I sympathize with Mr. Jinnah in his regret on that point. Whether it is possible to go more quickly I cannot say. It is quite possible when we are able to take action on the Committee's report, progress may be made in a more rapid manner. Then he spoke on the necessity for a second line of defence, and he looks forward I gather to the time when there will be such a second line of defence in India. My Honourable friend Mr. Mackworth Young I think will be able to make a point or two on that head and I will leave that portion of Mr. Jinnah's speech for him to deal with; but speaking generally, I do feel that, hearing the speech, the impression left on my mind was that Mr. Jinnah is not really so despondent of the future of this important problem as he appeared to be . . . .

**Mr. M. A. Jinnah:** I created a wrong impression.

**The Honourable Sir Alexander Muddiman:** It was unfortunate; my Honourable friend is so clear on the impression he really wishes to create, but I do think he did create such an impression. I sympathise with him entirely in his being a little nettled at the delay in the publication of this report to which he naturally as a signatory attaches so much importance, but I trust he will not go to the extent of voting for a deprivation of Rs. 1,000 from the grant for the Army Department.

**Mr. M. R. Jayakar** (Bombay City: Non-Muhammadan Urban): Sir, I rise to support the motion which is being debated before the House, and in doing so, I shall not tire the House by quoting facts and figures (Laughter), and I am unable to do so for the simple reason that, with the view that I might make a useful contribution to to-day's debate, about two or three weeks ago, in that cold room a few yards away which we call the Library I wrote an order that I might be sent by value payable post a few reports dealing with this question. That was about two or three weeks ago, but I have not yet had the pleasure of receiving any of these reports from the publication department of the Government. Somebody complained the other day in this House that the publication

department of the Government moved on very slow wheels. I have not had yet the pleasure of receiving any intimation whether these reports have been despatched or are in course of transit or when I would receive them

**Mr. President:** Has the Honourable Member not received any acknowledgement?

**Mr. M. R. Jayakar:** No, Sir.

**Mr. President:** I regard that as an act of discourtesy on the part of the authorities concerned.

**Mr. M. R. Jayakar:** Well, Sir, I am pretty well used by this time to many discourtesies, and this is the least of them. Therefore, I propose to speak to-day from the point of view of a man to whom this problem presents itself as an ordinary Indian. I may be forgiven, Sir, if I make a speech which may be regarded as non-expert in its character. I remember, Sir, in Bombay, having been very largely concerned with the education of youth in colleges and schools, the great enthusiasm which we witnessed passing over our schools and colleges when the Auxiliary Force and the Territorial Force were constituted in this House years ago. I remember also, coming to more recent times, the great enthusiasm which prevailed in our colleges in Bombay when Mr. Jinnah and Pandit Motilal Nehru—no two better persons could have been found amongst Indians—were appointed to work on the Skeen Committee *alias* the Sandhurst Committee. Day after day—I am mentioning to my Honourable friends something out of my own experience—day after day young men came to see me. I was concerned with their education and had spent a few years of my life in connection with it. They therefore consulted me. “Shall we join the I. D. F.? Shall we join the University Training Corps? Is the British Government really anxious, really honest and sincere in their desire to give us military training?” Day after day, on an average, I may state, Sir, 15 to 20 young men from colleges came to see me. Invariably my advice was “Do join by all means! I believe that the British Government are this time going to give you a sincere trial. Do join by all means!” Shall I tell my Honourable friends opposite, and I will here make a free confession, that before I came to this House I used to wonder how these men, concerned with heartless policy of the Army, must be ogreish looking, frightful of mien! When however I came here, Sir, and cast my eyes on them, *e.g.*, on the Army Secretary, his pleasant countenance and fascinating smile, I realised that we had not to deal with ogreish looking men, but with a policy which made these pleasant-looking men ogreish in their actions! To continue my narrative, the result was that one man after another who joined these forces after a short experience came back to me and said “This experiment is a perfect camouflage.” These are strong words, Sir, but they are perfectly well deserved. I went into the history of their grievances very carefully. I asked them to state in writing what their grievances were with regard to the policy pursued. I got statements from the most responsible of them. I have no time to go into the details mentioned in these statements, but I can say, reviewing them together very briefly at this distance of time, that they were thoroughly convincing that this was not intended to be an honest experiment at all. One such fact was mentioned in the course of this morning’s debate by my Honourable friend Pandit Kunzru, namely, the

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bearing of firearms. I hold the view, Sir, that if ~~Government want~~ to train a young man in military matters it is necessary to allow him the use and possession of firearms; I may tell my Honourable friends the reason which leads me to this conclusion. If you want to develop a *sense of power* which is after all the military man's best asset in his life, along with self-restraint and self-control, the kind of feeling which Honourable Members get when they are driving a large six-cylinder car sitting at the wheel, a sense of power and control combined, in due proportion, which makes the best Military officer, an admixture of power, responsibility, control and restraint; if you, Sir, want to develop in our young men a sense of these qualities you must give them genuine fire-arms. Many of them have come and told me what was pointed out this morning by Pandit Kunzru that to begin with they were given no rifles at all, then imitation rifles, and lastly they were given out-of-date rifles only for a short time just for the firing period, with the result that these young men felt convinced that Government were treating them, in the name of training, with absolute distrust and suspicion. I can tell my Honourable friend the Army Secretary that many of them wished to resign if they did not actually sever their connection with the Force.

Mr. G. M. Young: May I interrupt for one moment, Sir? Did the Honourable Member take any steps to convey any of these complaints to any military authority or to the Government?

Mr. M. R. Jayakar: I did not personally make any complaints to the military authorities, and for this reason that any interference from "political agitators" like me would, I thought, spoil the matter; but I am sure that every one of the men concerned made a complaint to the authorities concerned. I am sure that they complained, e.g., to the University authorities under whom this particular battalion was being maintained. I think they complained to Sir Chimanlal Setalvad, the Vice-Chancellor, and I have no doubt that he must have complained to the military authorities. I did not personally complain because I am always anxious to avoid any interference because of the bad name which we public men generally have in Government books. But to continue my narrative, every one of these people gave me the same story. Then I visited one of their camps. I was convinced from what I saw and heard that the whole thing was a deliberate and slow process of killing the self-respect of these young men. I know it is a very grave and responsible charge, but I make it before the Government Bench. The whole policy was so cleverly devised—small pin-pricks here and there, calculated to injure the self-respect of these youthful and enthusiastic men. I cannot describe to Honourable Members the detailed processes, but it was a most cold and provoking method of small pin-pricks day after day, distributed over various actions, the sum total of which was to destroy the self-respect of these young men and to make them every day conscious of racial inferiority and racial domination. The result was that at the end of about a year of experiment the one thing of which these men were made conscious was that they had more pigment in their skins than they ought to have had. Many of them said to me: "The world has grown so advanced in science. Is there no process by which we could get rid of this quantity of pigment in our skin? If we can do that, we will advance much faster."

Then I met one of the important men in the University Training Corps. I will not disclose his name for the moment. He said "The difficulty is, Mr. Jayakar, that there is not enough enthusiasm in these young men. What can we do?" I said "What? There is not enough enthusiasm in the Maharashtra country about fighting? Is that what you want me to believe? People whose ancestors had been fighting with or against the British till recently—and you tell me there is not enough enthusiasm in such men about military careers." He said "Where are the officers to come from?" Well, Sir, I was angry and I gave him a reply which I shall repeat here: I said "Go and seek your intrepid officers among the detenus: you will find your proper officers there." What does an officer want in this country or anywhere? Disregard of death, valour, chivalry, self-respect, patriotism. If a man shows all these qualities in this country, but is discontented with a system which affords no scope for them, you put him in jail and call him a detenu or revolutionary. What are these young men endeavouring to secure in this country? Opportunities to distinguish themselves in all these qualities which make life so noble. And yet there is a belief that there is not enough enthusiasm in the Maharashtra country, of all other places in the world, and that Government cannot get good men to fill in military forces. Sir, my indictment is this, that the Government are really humbugging the people (An Honourable Member: "Hear, hear.").

**Mr. G. M. Young:** On what authority does my Honourable friend say we cannot find young men? The University Training Corps is practically full.

**Mr. M. R. Jayakar:** That may be so now, but, I was speaking about the Indian Defence Force and the University Training Corps some time ago and was repeating the complaint which was stated to me by a responsible man that the experiment could not generate enough enthusiasm in the ranks of our young men. I say there is something rotten in their system if Government cannot generate enthusiasm. I remember the time, Sir, when Dr. Paranjpye went on lecturing in the Presidency of Bombay advocating compulsory military training for our youth. I had myself the honour of presiding at such public meetings more than once, and I can assure the Honourable the Army Secretary that as many as two and three hundred young men used to come merely to listen to the scheme, just to find out whether it afforded enough scope for them to go into military training. But the difficulty to-day is that the Government restrictions are so carefully framed and the whole system is so ingeniously based on artificial and disguised racial distinctions, that no man with self-respect, who is proud of being born an Indian, can find it easy to work under the system. Then I was told, "Oh, this must be a cautious experiment. The advance can only be slow. Possibly you will get in 200 or 300 years complete Indianization of the army". Well, Sir, we Indians, I can tell my Honourable friends, are a very patient people; we believe in transmigration also. I may say that while this slow process is in operation, I expect to die and be born again towards the end of 200 years and become an officer in my next birth. Sir, I ask the Government Benches, is this the way they are treating the just ambitions of the youth of this country? I ask Government, "Have you any definite policy? Have you any definite programme? If so, are you prepared to stick to it on

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the floor of this House to-day, in how many years you propose to make the army Indian?" We recognize that it must take some time, that a reasonable period must be allowed for the genuine working of this process. I am not concerned with the actual number of years; I am concerned with the immediate creation of these automatic processes—I should like my friends opposite to mark my words—I am concerned with those automatic processes of advance, which once begun proceed in arithmetical progression automatically. I listened with great respect, with great attention and curiosity, to the speech made by His Excellency the Commander-in-Chief the other day. I expected that we were going to be treated to something which might be regarded as a statement of "policy and programme" in this connection, so that I thought I could go back to our colleges and schools and tell the young students: "I have heard the Commander-in-Chief; this is his policy and programme in the matter of military training". But what did we hear? We heard three statements, that the Inchcape Committee recommendation of a cut is an impossibility; the recommendation was made by them in a fit of enthusiasm, if not folly. The second thing I heard was that he was not prepared to cut down a single man, that he was not prepared to cut down a single rupee,—a tripartite statement proceeding from such a high officer! I shall take this message to my friends in our schools and colleges and tell them that this is the position. But may I ask the Government Benches, in all seriousness, do they think, that in making such miserable advances they are taking advantage of the traditional fighting talent in this country, of which in any case in the Mahratta province there is plenty,—in the Muhammadan provinces there is plenty, in the north-west of India there is plenty? I am immediately concerned with the small province from which I come. I know, speaking personally, that if in my time the fighting officers' line in the army were open to me, I would not be here making impotent speeches. I am sure, Sir, there are a number, of people, like me, who, if these ranks had been open at the threshold of their career, when they were young and enthusiastic, not hardened with disappointment as at my age—I say if these ranks had been open to them at the threshold of their career, they would have chosen the army as their profession for life, I will say without exaggeration, Sir, that this racial exclusion is rankling in the hearts of a large number of my countrymen and may have its nemesis. Shall I make a confession, Sir. When I looked at your Royal Air Force display the other day, when we were taken up in small batches in aeroplanes many possibly felt happy. But I felt very sad, Sir. And why? (Laughter from a certain section of the Swarajist Benches.) It is not a matter for laughter at all. We are here trifling with the innermost and most sacred sentiments which God implanted in our heart and which education has reared and ennobled. Why I felt sad was this, that I and my countrymen should have nothing to do with all this grand display of power and responsibility; that all this large amount of money should be spent, that all this talent should be generated and utilised, that all this enthusiasm should be created with foreign aid when there is plenty of material among us if only the Government had the eyes to see. I felt that I was like a pariah, ostracised by reason of my colour and my skin, not because of anything which God has not given me but because of my skin, my nationality, my ancestry! Sir, when I looked at the somewhat queer-looking people who handled these machines, the thought came into my mind: how much better would this all be if



Indians were there. It makes me very sad, Sir, when I go to these entertainments of British military display. I feel, Sir, that it is not possible for me to convey in foreign language all that I feel on such questions of national honour and dignity. I do hope that the Government have at least the imagination to understand what I feel. If even that is not there, then I say there must be something very rotten in the state of Denmark. I wish, Sir, to convey to this House as far as my words can a sense of my extreme condemnation of the military policy of the Government. I will go further and say that beyond the narrow cut which is being debated I would advise them to throw out the whole of the votable part of this entire grant as an indication of our severest condemnation of this policy of camouflage and deception which the Government have been pursuing from time immemorial. I feel, Sir, I have not words strong enough to express my condemnation, but feeble as they may appear, I hope they will induce this House to treat this cut in the only way it deserves.

**Mr. C. S. Ranga Iyer** (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Sir, the motion moved by my friend, Mr. Kunzru, relates to "general policy and expenditure." After the illuminating speech of Mr. Jinnah and the powerful eloquence of Mr. Jayakar, I think it is very difficult for any speaker to be heard in this House. However, I propose to take up that part of the Imperial policy which has an important bearing on military expenditure. Sir, it is a well-known fact that the military expenditure of this country ought to have been put not on Indian shoulders but on British shoulders. Speaking a couple of years ago in this House on the General Budget, I quoted some of the observations of eminent British statesmen who had from time to time admitted that it was a financial injustice, a wrong to India, to make the Indian people pay for the British Army in India. Mr. Ramsay MacDonald, who has also filled the high office of the Prime Minister of England, in his book "The Government of India" has clearly stated that it is a grave injustice to the Indian people to ask them to pay for the British soldier, the British garrison, in this country. He writes:

"Undoubtedly India has not been dealt with fairly in this respect (the military expenditure). It has to bear the expense of operations that are mainly Imperial . . . A large part of the Army in India, certainly one-half, is an Imperial Army which we require for other than purely Indian purposes and its cost therefore should be met from Imperial and not Indian funds."

Mr. Ramsay MacDonald went on to say:

"When we station troops in other parts of the Empire we do not charge them upon the Colonies; but in India we have the influence of the dead hand. India is treated as an independent state, which however we rule and whose military policy we control while it 'borrows' from us a certain number of troops for which it pays."

Sir, that is the extraordinary position of India to-day. India has no freedom, whereas the Colonies have freedom, and yet India has got to pay for the British army of occupation in this country. It is no more and no less than a foreign army of occupation. Sir, in the Colonies, those who have read colonial history, those who know something of the colonial military budgets, those who know the manner in which the Colonies were treated are aware that, when the British army was in the Colonies, the British people maintained it at their own expense. Only the Colonies bore one-tenth of the financial burden. I shall read

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to you, Sir, what Mr. Keith says about the amount that the Colonies had to bear:

"Moreover, the expense was very heavy. In 1864 the Colonial military expenditure of the Imperial Government was nearly £4,000,000 towards which the Colonies gave but £380,000."

Sir, when the Colonies were granted freedom, the Colonials did not pay for the British Army. Britain continued to pay for the British Army; Britain continued to maintain the British Army at the figure I have placed before this House. Even after the grant of freedom this policy went on and when two Committees of the House of Commons examined into the question and came to a decision that the Army should be withdrawn from the Colonies, even then the British Government brought about the withdrawal only very slowly, and then, Sir, they withdrew because it was a financial burden. I do not think it is necessary for me to quote before you what Mr. Keith has said on this:

"In 1863 the Governors of the Australian Colonies were informed by the Imperial Government that it was not intended longer to maintain at Imperial expense the garrisons in these colonies and that if in the future these Garrisons were kept there, it would be necessary that the Government should pay for them at rates specified in the Secretary of State's despatch."

But what is happening in India to-day? India has no freedom and India has to pay for her thralldom. India has got to pay for the British Army of occupation. No self-governing India would contemplate this. Mr. Ramsay MacDonald truly says:

"A self-governing India would no doubt insist upon bearing some definite share in Defence. But like the Dominions it would settle how much it ought to bear. It would adjust cost to its means and it would decide in what form it was to make its contribution—perhaps an Indian recruited army. In any event, the present plan by which India pays for the Imperial Army stationed there without in any way determining policy is as bad as it can be"—

This is not my language, Sir, but the language of an ex-prime Minister of England.

"If the existing system of military defence is to last, the whole cost of the British Army stationed in India should be borne by the Imperial Exchequer."

That is the opinion of Mr. Ramsay MacDonald. India's aspiration for Dominion status has been thwarted on the ground that there is no home defence in this country. Without home defence how can you aspire to home rule? But in the Colonies, home rule was granted without home defence and facilities were provided for home defence. The Colonies had opportunities which are denied to us. Sir, we are committed in the Montagu dispensation to what is known as development of responsible institutions in this country, but side by side with the development of responsible institutions in this country it is but right that we expect the Government to develop also the Indianisation of the Army, to develop a policy of making Indians fit to defend themselves. Sir, the other day the Home Member reminded the House of an animal called the crocodile and the policy of the Government reminds me of another animal which also lives in water, and that is, the tortoise. The Government moves at the tremendous velocity of which the tortoise alone is capable in regard to the Indian policy. I wish to submit, Sir, how, within the period that the British came to this country and started that policy of emasculation, started that policy of weakening the Indians. (An Honourable Member: "Exploitation.") My friend Mr. B. Das exclaims "exploitation". Exploitation is not half so dreadful a crime as emasculation.

and the policy that we are discussing to-day. ~~It was~~ <sup>in</sup> ~~the~~ <sup>the</sup> ~~first~~ <sup>first</sup> ~~and~~ <sup>and</sup> ~~exploitation~~ <sup>exploitation</sup> ~~afterwards~~ <sup>afterwards</sup> ~~exploitation~~ <sup>exploitation</sup> ~~financially~~ <sup>financially</sup> ~~but~~ <sup>but</sup> ~~unfascination~~ <sup>unfascination</sup> ~~of the~~ <sup>of the</sup> ~~manhood~~ <sup>manhood</sup> ~~of the~~ <sup>of the</sup> ~~race.~~ <sup>race.</sup> Sir, it has been said in this House that Indians make very good soldiers but they do not make very good officers. When the British came to this country, who were the officers in the Indian Army? Were the British the officers of the Indian Army? Lord Curzon said, "We conquered India with Indian swords." The officers were also Indian officers. The English Government took jolly good care to destroy the capacity of Indians to be officers. They took jolly good care to destroy the armies themselves. Students of Indian history are aware, Sir John Strachey has recorded in his book, "India, Its Administration and Progress" how unwelcome tribes were recruited for the Army, how the people all over the country had opportunities for service, and how the Government altered that policy and restricted recruitment to certain select classes in the country, so that the people as a whole would not have an opportunity to enrol themselves in the Army. The whole policy has been one of destroying the manhood of the race. The whole policy has been one of depriving India of the power of rising again at any time in her history and taking a stand upon her own liberty and defending it. The whole policy has been one of making India the milch cow of the British Empire. The whole policy has been one of reducing India to that degradation in which the Romans left the Britons, the primitive Britons. The House will remember how when the Romans were withdrawing their armies from Britain, how when Rome was sinking under the assaults of barbarous invaders and the vices of internal administration—how when the Romans were leaving Britain the Britishers said to the Romans, "Oh, ye, masters, please do not leave us. We will fall a prey to foreign invaders. Please protect our shores, protect our land, protect our hearths and homes." Britain wants that we should be in the same helpless position. Britain wants to leave this country in the degradation in which the Anglo-Saxons found the Britons. That is the degradation to which we are being forced to-day, and I am glad that my Honourable friend, Mr. Jayakar, who generally uses very sober words, who generally weighs his words before he uses them—that even he was constrained to say that this is a policy of "humbug". This "humbugging", as he put it, must cease to be. This is the biggest fraud known to history. We are being advertised to the world as incompetent, as incapable of producing officers, while the truth is that India has as much genius in her to produce officers as any other country in the world. Sir, you said when you were amongst us how if we had self-government we could start numerous colleges in the country—military colleges, and give opportunities to the youth of the land to take their burden, the national burden upon their shoulders like other men in other parts of the self-governing world. And that is, Sir, what has happened in "The Land of the Rising Sun." And if there is character, if there is honesty among those people who describe their country as "the Empire over which the Sun never sets," they should adopt in this oriental country the same policy as the Land of the Rising Sun adopted. And with what result? Sir, it is not my description of it it is the description of a European writer: "phenomenal" is "the progress that Japan has achieved in military matters in recent years." The history of the Japanese army and navy is one of the most extraordinary developments in efficiency. W. M. MacGovern says in his book "Modern Japan" how within a few years, 30 or 40 years—England has been here for a longer period—how in a short period Japan which had no better

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army than the Indian Army that the Indians had when the aliens came to use our army against ourselves—Sir, the Japanese rose into a great and mighty nation because the Japanese provided their own officers for the army, the Japanese Government felt as the Japanese people wanted them to feel. Here we have a Government which feels it its duty to keep us in bondage. This is what the Japanese did;

"The Lord of Satsuma employed English experts, the Lord of Kii Germans, while still others looked to the Dutch for guidance. Even the conservative Shogunate at Tokyo decided in 1862 upon the adoption of Occidental methods of warfare, though it retained the services of the Samurai."

The units of the troops consisted in this period of 8,306 infantry, 1,608 cavalry, 800 field artillery and 2,045 garrison artillery with 1,406 officers, making a total of 13,625. That was in 1862. And in India after 1857 whatever officers there were in the Indian Army, whatever material there was in the Indian race to produce officers was barbarously destroyed. I do not want to go into this chapter of history because I will have to detain this House very long but students of history know that the "Mutiny" was suppressed as though it was an Indian War of Independence. A small country like Japan progressed so fast without the Englishmen governing the country. Here is a Government which shamelessly boasts hour in hour out of its sympathy and solicitude for the people of India. And Sir Darcy Lindsay and the European group sing to that tune and dance to that tune. Here is a Government which says that we have nothing but the good of the Indians at heart, the good of the great masses at heart. What are these educated classes but "microscopic minorities". say they. This Government has not followed the example of the Japanese. The Japanese had to send for the British experts, while this British Government has been trying to destroy the manhood of the race and to kill the competence of the Indian people to officer their own army. I need only place before this House one simple statement which this European author of "Modern Japan" has furnished us. In Japan before the Chino-Japanese War there were 36 generals, higher officers and officers 4,235, 8,970 petty officers and 65,241 men, making a total of 78,482. Before the Russo-Japanese War, there were 94 generals, 8,480 higher officers and officers, 11,865 petty officers and 132,348 men, making a total of 152,787. After the Russo-Japanese War, there were 125 generals, 14,388 higher officers and officers, 24,066 petty officers and 211,396 men. I need not take the Members of this House through Indian history and the number of wars that have been waged, the number of battles in which we had to engage including the last war. The Commander-in-Chief stands up in this House with that callousness for which his department is notorious and says publicly that the attraction among the European youths for the Indian army is being diminished. He said he had not been getting boys from Sandhurst in the numbers he wanted. I do not take either His Excellency the Commander-in-Chief or the gentlemen sitting on the other side of the House at their word value. I judge them by their deeds. If His Excellency had the good of the people at heart, what would he have done. He would have said, "I am glad that enthusiasm is waning in my country for men coming out to officer the Indian Army. Here is now an opportunity for me to create opportunities for the Indian people". (Hear, hear.) There was such a brain wave on the heights of Simla. We have heard of the O'Donnell Circular in connection with the Superior Services in India. According to the O'Donnell Circular, it was contemplated that recruitment should stop in England and there should be com-

plete Indianisation of the services but after that O'Donnell Circular, which never saw the light of day, (Laughter) what happened? The Lec Commission came. A racial discrimination was created in the services, among members in the services who had the same standing, the same opportunity, the same education, recruited under the same constitution. What happened? Racial barriers were created in the Indian Civil Service and other services; and I suspect that this statement of the Commander-in-Chief is only a gloomy prognostication of another Lec Commission coming to this country. (*An Honourable Member*: "Yes".) Of course there are not many Indian officers in the Army to create differences between Indian officers and European officers. Already the poor Indian officers are treated like so many frogs in a little well. Therefore, there is no question of racial discrimination being raised on a gigantic scale. It is already there, but they will perpetuate it, they will feed it at the cost of India.

Sir, so much for the Government's attitude towards the Army; and now I shall deal generally with the attitude of the British Government towards the Government of India in respect of army matters. In military matters they do not treat the Government of India as an entity in itself. The Government of India is no more and no less than what Lord Curzon described it to be, namely, "a subordinate branch of the British Government". My friend, Sir Purshotamdas Thakurdas, had in his beautiful note to the Report of the Retrenchment Committee made certain very illuminating observations on this aspect of the question. The Esher Committee too had some observations to make in 1919. I shall first refer to what the Esher Committee said:

"We were confronted with evidence. The continued reluctance of the India Office to relinquish into the hands of the Government of India greater freedom in the administration of the Army, even in cases where this could be done without compromising the administration of the Army at home or contravening the sound principle of uniformity in military policy. We are strongly of opinion that greater latitude should be allowed to the Governor General in Council and to the Commander-in-Chief in India in matters affecting internal military administration."

The Commander-in-Chief and the Government of India do not trust the Indian people in regard to military matters, and the British Government do not seem to trust the Commander-in-Chief and the Government of India presumably because of their contact with the Indian people! That is how the British policy, the British military policy in the East works, because, as it has always been admitted by all constitutionalists, it is on the Army that British rule in India depends. It is on the militarism of the British in this country that the British domination rests and therefore they do not want the Army to be wrested from their hands into Indian hands. Sir, Sir Purshotamdas Thakurdas, who was a Member of Lord Incheape's Retrenchment Committee in 1922, emphatically condemned the present system of control in the following terms:

"The Commander-in-Chief is the responsible adviser of the Government of India regarding military policy and affairs. Should the Government of India differ from the Commander-in-Chief on any question, the Secretary of State may, and not infrequently does, uphold the Commander-in-Chief and force a certain line of action on the Government of India contrary to their wishes."

Thus, the gallant gentleman who is seated on those Benches is more powerful than the entire machinery of the Government of India (Hear, hear) He is the War Office in India. But if sometimes, as sometimes happens, the Government of India and the Commander-in-Chief agree, the Secretary of

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State rejects their unanimous recommendation and forces on them a different line of action irrespective of the additional cost to the Indian Exchequer; and this additional cost relates not only to the general policy of the Government in India, but also to details, for let us hear Sir Purshotamdas Thakurdas. He says:

"This interference of the Secretary of State is not confined to questions of Imperial interest or to broad lines of policy but extends to such administrative details as the comforts of British soldiers or the emoluments of officers."

So complete is the British domination so far as army matters are concerned Sir, this Assembly is, so far as this Department is concerned, a nonentity, and so long as the Army Department is not made responsible to this Legislature there cannot be responsibility even in this irresponsible Government in the matter of Army administration. Sir, I think I have taken so much of the time of this House and it is 5 o'clock, an appropriate time to adjourn. (Laughter)

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 15th March, 1927

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